

**CENTRAL COMMUNITY SCHOOL SYSTEM****REPORT ON AUDIT OF BASIC  
FINANCIAL STATEMENTS****JUNE 30, 2011****CENTRAL, LOUISIANA**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 20 2012**

# CENTRAL COMMUNITY SCHOOL SYSTEM

## TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
<b>Independent Auditor's Report</b>	-	-	1 - 2
<b>Required Supplemental Information</b>			
Management's Discussion and Analysis	-	-	3 - 8
<b>Basic Financial Statements</b>			
<b>Government-Wide Financial Statements:</b>			
Statement of Net Assets	-	A	9
Statement of Activities	-	B	10
<b>Fund Financial Statements:</b>			
Balance Sheet - Governmental Funds	-	C	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	-	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	-	E	13 - 14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	-	F	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	-	G	16 - 17
Statement of Fiduciary Net Assets	-	H	18
Notes to Basic Financial Statements	-	-	19 - 47

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**TABLE OF CONTENTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Schedule</u>	<u>Statement</u>	<u>Page</u>
<b>Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data):</b>			
Agreed-Upon Procedures Report	-	-	48 - 52
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	-	53 - 54
Education Levels of Public School Staff	2	-	55
Number and Type of Public Schools	3	-	56
Experience of Public Principals and Full-time Classroom Teachers	4	-	57
Public School Staff Data	5	-	58
Class Size Characteristics	6	-	59
Louisiana Educational Assessment Program (LEAP)	7	-	60
The Graduation Exit Exam	8	-	61
The iLEAP Tests	9	-	62 - 64
<b>Other Supplementary Information:</b>			
Nonmajor Governmental Funds.			
Combining Balance Sheet	10	-	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	11	-	66 - 67

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**TABLE OF CONTENTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<b><u>Schedule</u></b>	<b><u>Statement</u></b>	<b><u>Page</u></b>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Nonmajor Special Revenue Funds:			
Improving America's Schools	12-1	-	68
Public Law 94-142 - Special Education	12-2	-	69
Federal Grant Fund	12-3	-	70
School Food Service Fund	12-4	-	71
Fiduciary Fund:			
Statement of Fiduciary Net Assets	13	-	72
Schedule of Changes of Amounts Held for School Activities	14	-	73
General:			
Schedule of Compensation Paid to Board Members	15	-	74
Schedule of Expenditures of Federal Awards	16	-	75 - 78
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	-		79 - 80

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**TABLE OF CONTENTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

	<b><u>Schedule</u></b>	<b><u>Statement</u></b>	<b><u>Page</u></b>
<b>Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133</b>	-		<b>81 - 82</b>
<b>Schedule of Findings and Questioned Costs</b>	-		<b>83 - 99</b>
<b>Summary Schedule of Prior Audit Findings</b>	-		<b>100 - 102</b>

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone 225 928 4770 • Fax 225 926 0945  
www.htbcpa.com

February 28, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of the  
Central Community School System  
Central, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major funds, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System as of and for the year ended June 30, 2011, which collectively comprise the Central Community School System's basic financial statements, as listed in the table of contents. We have also audited the financial statements of each of the School System's nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund presented as supplementary schedules as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the Central Community School System. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Central Community School System's June 30, 2010 financial statements and, in our report dated December 30, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, the budgetary comparison statement of the General Fund, the fiduciary fund statement and the aggregate remaining fund information as well as the aggregate nonmajor governmental funds and the budgetary comparison for the special revenue funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the

respective financial position of the nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund of the Central Community School System as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

As described in Note 1 to the basic financial statements, the Central Community School System adopted the provisions of Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, in 2011

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2012, on our consideration of the Central Community School System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Community School System's financial statements as a whole. The schedules required by state law, and the schedule of compensation paid to board members are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements of the Central Community School System. The schedule of compensation paid to board members and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The schedules required by state law have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

*Hanno J. Bourgeois, CPA*

# CENTRAL COMMUNITY SCHOOL SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

The Management's Discussion and Analysis (MD&A) of the Central Community School System (CCSS) provides an overview and overall review of the School System's financial activities for the fiscal year ended June 30, 2011. The intent of the MD&A is to look in layman's terms at the School System's financial performance as a whole. It should, therefore, be read in conjunction with the School System's Annual Financial Statements and the notes thereto.

The MD&A is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

### **Financial Highlights**

Key financial highlights for the 2010-2011 fiscal years include the following:

- ❖ \$9,000,000 in general obligation bonds were issued in the current fiscal year for the construction of a new middle school and new intermediate school. The total amount of bonds issued since 2009 for the construction of new schools and life safety improvement renovations on campuses of existing schools was \$57,000,000. Of this amount \$25,000,000 were sales tax bonds and \$32,000,000 were general obligation bonds.
- ❖ Net assets decreased by \$1,919,167 for the year ended June 30, 2011. As discussed below, the decrease in net assets was the result of an increase in total assets of \$13,002,842 coupled with an increase in total liabilities of \$14,922,009.
- ❖ Total assets increased by \$13,002,842 attributed to the following elements:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Amount Increase (Decrease)</u>
Cash and Cash Equivalents	\$ 13,995,116	\$ 11,781,877	\$ 2,213,239
Receivables	2,468,767	2,130,405	338,362
Inventory	73,753	24,009	49,744
Restricted Assets:			
Cash	32,761,099	42,831,799	(10,070,700)
Deferred Bond Issuance Cost	417,473	345,522	71,951
Capital Assets			
Land and Construction in Progress	19,395,227	8,062,263	11,332,964
Other Capital Assets (Net of Accumulated Depreciation)	<u>13,633,704</u>	<u>4,566,422</u>	<u>9,067,282</u>
Total Assets	<u>\$ 82,745,139</u>	<u>\$ 69,742,297</u>	<u>\$ 13,002,842</u>



# CENTRAL COMMUNITY SCHOOL SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2011

The main reason for the increase in assets was due to the issuance of additional bonds in the amount of \$9,000,000 and the spending down of those proceeds to increase capital assets.

❖ Total Liabilities Increased \$14,922,009 due to the following items:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Amount Increase (Decrease)</u>
Current Liabilities:			
Accounts, Salaries, and Other Payables	\$ 6,890,975	\$ 5,402,714	\$ 1,488,261
Interest Payable	417,542	417,542	-
Long-Term Liabilities:			
Due within One Year	2,338,056	862,984	1,475,072
Due in More than one Year	<u>64,763,696</u>	<u>52,805,020</u>	<u>11,958,676</u>
Total Liabilities	<u>\$ 74,410,269</u>	<u>\$ 59,488,260</u>	<u>\$14,922,009</u>

Total liabilities increased primarily because of the issuance of bonds for the construction of new schools and the issuance of bonds to make much needed life safety improvements at the existing facilities that will continue to be used for educational purposes. Accounts, Salaries and Other payables increased due to additional staff members needed for increased student enrollment and the GASB 45 requirements for accounting and reporting for post-retirement benefits other than pensions. Increased student enrollment is also the reason for the increase in general accounts payables because additional supplies were needed.

❖ General revenues increased by \$5,313,026 from fiscal year 2010 to fiscal year 2011. Primary increases and decreases are discussed below

- Property taxes levied for general purposes increased \$105,663. This increase is due to the general growth of our community.
- Sales and use tax revenue for general purposes decreased by \$42,835.
- Earnings on investments increased \$76,948. This increase is due to bonds being issued to construct new schools. The funds from these bond issues resulted in a larger cash balance available to earn interest.
- The largest revenue source is the Minimum Foundation Program (MFP) distribution from the State, amounting to \$23,260,929. This amount has increased in the amount of \$3,679,966. The primary reason for this increase is due to increased student enrollment. The amount of funds received through the MFP is directly related to the school systems enrollment figures. Each student is allocated a certain number of dollars. The school systems enrollment continues to grow, and because of this constant growth the severity of the state budget cuts were kept to a minimum.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2011

- Property taxes were levied in the amount of \$2,426,643 by the school system to pay for the debt service requirements relating to the issuance of general obligation bonds. This is an increase of \$1,507,581 over the 2010 assessment and was caused due to the implementation of Proposition 3 being levied. In the fiscal year 2010, only Proposition 2 had begun.
- In 2010, a half cents sales tax was levied by the school system to pay for the debt service requirements relating to the issuance of sales tax bonds. This half cents sales tax resulted in sales taxes in the amount of \$1,343,244 which is a decrease of \$10,709 from 2010.
- Net expenses have increased in the amount \$5,122,301. The primary reason for this increase is due to increased enrollment which required additional staff to be hired.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The School Board's Report on the Audit of Basic Financial Statements consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a whole, i.e., an entire operating entity. Beginning on page 9, the "Basic Financial Statements" Section, consisting of the Statement of Net Assets and the Statement of Activities, provide consolidated financial information, and render a government-wide perspective of the School Board's financial condition. They present an aggregate view of the School Board's finances. These statements seek to answer the question, "How did the School Board do financially during the 2010/2011 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received.

By showing the change in net assets for the year, the reader may ascertain whether the School Board's financial condition has improved or deteriorated. The changes, which are discussed in this MD&A, may be financial or non-financial in nature. Non-financial factors which may have an impact on the School Board's financial condition include increases in or erosion of the property or sales tax base within the school district, student enrollment, facilities maintenance and condition, mandated educational programs for which little or no funding is provided, or other external factors.

To provide more in-depth reporting of the School Board's financial position and the results of operations, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 11. The Fund Financial Statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on more of a current rather than long-term basis, indicating sources and uses of funding, as well as resources available for spending in future periods. This is referred to as the current resource measurement focus.

Fund Financial Statements also provide more in-depth data on the School Board's most significant fund, its General Fund. This fund is considered a "major fund" under GASB Statement No. 34. The relationship between governmental *activities* reported in the Basic Financial Statements and the governmental *funds* reported in the Fund Financial Statements are reconciled in the financial statements (See Statements D and F).

# CENTRAL COMMUNITY SCHOOL SYSTEM

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2011

The Statement of Fiduciary Net Assets - presents financial information relative to assets held by the School Board on behalf of students and others in a position of trust, and accounted for in the School Activity Funds. Refer to Schedule 14 for school-by-school information on the School Activity Fund.

### GOVERNMENTAL ACTIVITIES

As reported in the *Statement of Activities* on page 10, the cost of the School Board's governmental activities for the year ended June 30, 2011 was \$45,715,684. However, not all of this cost was borne by the taxpayers of the Central Community School District. Of this amount, \$1,003,981 was paid by those who used or benefited from the services rendered (e g , charges for school lunches and summer school tuition) and \$5,669,465 was paid through various federal and state grants. Consequently, the net cost of \$39,042,238 was paid by the taxpayers of the Parish through ad valorem taxes, sales and use taxes, the Minimum Foundation Program (MFP) from the State of Louisiana, and other general revenues.

Table I below shows the total cost of services and the net cost of these services (after charges for services and grants received) for the largest categories of expenses of the School Board for the year ended June 30, 2011. The "net cost" presentation allows taxpayers to determine the remaining cost of the various categories which were borne by them, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

TABLE I  
Total Cost and Net Cost of Governmental Activities  
For the Years Ended June 30, 2011 and 2010

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction.				
Regular Education Programs	\$ 18,284,492	\$ 17,417,631	\$ 16,645,437	\$ 15,598,921
Special Education Programs	4,806,937	3,627,977	3,871,023	2,957,305
Other Instructional Programs	3,855,628	1,714,537	3,785,623	1,402,437
Support Services				
Student Services	1,792,935	1,660,290	1,555,587	1,254,222
Instructional Staff Support	1,573,086	1,261,722	1,705,650	1,306,980
General and School Administration	3,678,316	3,657,810	3,530,340	3,514,707
Business Services	624,446	436,744	539,445	314,443
Plant Services	3,511,514	3,511,514	3,455,295	3,298,387
Student Transportation	2,596,532	2,596,532	2,455,124	2,389,415
Central Services	360,889	360,889	266,334	266,334
Food Services	2,462,424	628,107	2,242,003	568,829
Community Service Programs	5,000	5,000	2,500	2,500
Interest on Long-Term Debt	<u>2,163,485</u>	<u>2,163,485</u>	<u>1,045,457</u>	<u>1,045,457</u>
Totals	<u>\$ 45,715,684</u>	<u>\$ 39,042,238</u>	<u>\$ 41,099,818</u>	<u>\$ 33,919,937</u>

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2011

#### **THE SCHOOL BOARD'S FUNDS**

The School Board uses funds to control and manage money for particular purposes. The Fund basis financial statements allow the School Board to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2011, its combined fund balance was \$42,407,760 as compared to its combined fund balance of \$51,365,376 as of June 30, 2010, a difference of \$8,957,616. The General Fund, the main operational arm of the School Board, saw its total fund balance increase by \$978,889. While General Fund Revenues increased by \$3,277,839, General Fund Expenditures also increased by \$3,352,107 and Other Financing Sources (Uses) (Transfers to Other Funds) decreased by \$44,996 thereby decreasing current year Excess of Revenues and Other Sources over Expenditures and Other Uses from \$1,098,153 to \$978,889.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the School Board revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less than, and/or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. The Original Budget for the School Board was adopted on June 28, 2010.

A schedule showing the School Board's General Fund's original and final budget compared with actual operating results is provided in this report, Statement G. The School Board generally did better than had been budgeted in its major fund since it practices conservative budgeting in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind. The General Fund finished the fiscal year \$470,829 better than had been budgeted.

#### **CAPITAL ASSETS AND DEBT**

**Capital Assets.** At June 30, 2011, the Central Community School System had a \$33,028,931 investment in capital assets net of accumulated depreciation. This amount was made up of land, buildings and improvements, and furniture and equipment. The capital assets balance also includes the cost of the assets transferred from the East Baton Rouge Parish School System on July 1, 2007. The details of Capital Assets additions and deletions can be found in note (6) in these financial statements.

**Long-Term Debt.** At June 30, 2011, the School System had outstanding bonded indebtedness in the amount of \$56,709,663.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2011

The legal debt limit of the School System fixed by Louisiana Revised Statute 39.562(L) at 35% of the total assessed valuation of property in the Central Community School System was approximately \$58,500,000 at June 30, 2011 and outstanding general obligation bonded debt funded by ad valorem taxes totals \$32,000,000

Other long-term obligations include compensated absences and accumulated Unfunded Other Postemployment Benefits Payable. At June 30, 2011, this balance was \$10,392,089.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Central Community School System has seen a dramatic increase in student enrollment since the system's inception. Student enrollment at 10/01/2010 was 4032 up from approximately 2,650 at inception. However, the student count for the 2011-2012 school year is 4084 which will most likely have an impact on revenues and also on expenses. The Central Community School System consists of three elementary schools, one middle school and one high school. The middle school is in dire need of repair and on May 2, 2009 three tax propositions were passed to alleviate this problem and address life safety codes at the other existing facilities. Proposition No. 1 is a half cent sales and use tax dedicated to pay for the construction of a new Central Middle School and to acquire property for expansion needs of the school system. Proposition No. 2 is a 20 year 9.25- mill tax dedicated to pay for renovations that address life safety code issues at the school system's existing facilities. Proposition No. 3 is a 20 year, 14 4-mill tax dedicated to pay for the construction, furnishing and equipping of a new elementary school and, if necessary, the acquisition of land for the new school and to pay for improvements to school facilities and equipment. CCSS currently leases one of the elementary school campuses but this campus will no longer be leased after the construction of the two new schools. The Central Community School System is primarily described as a rural School district and the majority of its student population is from within the boundaries of the City of Central which has a population of approximately 25,000.

### **CONTACTING THE CENTRAL COMMUNITY SCHOOL SYSTEM'S MANAGEMENT**

While this report is designed to provide full and complete disclosure of the financial conditions and operations of the Central Community School System, citizens' groups, taxpayers, parents, students, other parish officials, investors or creditors may need further details. To obtain such details, please contact Mrs. Barbra Guyon, Director of Finance, at the Central Community School System, 13421 Hooper Road Suite 6, City of Central, Louisiana 70818, or by calling 225-262-1919, during regular business hours, Monday through Friday, 8:00 a.m. to 4:30 p.m., central time. Mrs. Barbra Guyon's email address is [bguyon@centralcss.org](mailto:bguyon@centralcss.org)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## CENTRAL COMMUNITY SCHOOL SYSTEM

STATEMENT OF NET ASSETS

JUNE 30, 2011

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

**ASSETS**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 13,995,116	\$ 11,781,877
Receivables	2,468,767	2,130,405
Inventory	73,753	24,009
Restricted Assets.		
Cash	32,761,099	42,831,799
Deferred Bond Issuance Costs	417,473	345,522
Capital Assets.		
Land and Construction in Progress	19,395,227	8,062,263
Other Capital Assets (Net of Accumulated Depreciation)	13,633,704	4,566,422
 Total Assets	 <u>\$ 82,745,139</u>	 <u>\$ 69,742,297</u>

**LIABILITIES**

Accounts, Salaries, and Other Payables	\$ 6,890,975	\$ 5,402,714
Interest Payable	417,542	417,542
Long-Term Liabilities		
Due Within One Year	2,338,056	862,984
Due in More than One Year	64,763,696	52,805,020
 Total Liabilities	 74,410,269	 59,488,260

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	5,280,777	4,484,802
Restricted for		
General Fund	8,547	8,052
Construction Contracts	235,911	181,253
Debt Service Fund	4,678,100	2,905,650
Unrestricted (Deficit)	(1,868,465)	2,674,280
 Total Net Assets	 <u>8,334,870</u>	 <u>10,254,037</u>
 Total Liabilities and Net Assets	 <u>\$ 82,745,139</u>	 <u>\$ 69,742,297</u>

The notes to the financial statements are an integral part of this statement

## CENTRAL COMMUNITY SCHOOL SYSTEM

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Program Revenues				Total Governmental Activities - Net (Expense) Revenue and Changes in Net Assets	
	Charges for	Operating	Capital			
Expenses	Services	Grants and Contributions	Grants and Contributions	2011	2010	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Governmental Activities</b>						
<b>Instruction</b>						
Regular Programs	\$ 18,284,492	\$ -	\$ 866,861	\$ -	\$ (17,417,631) \$ (15,598,921)	
Special Education Programs	4,806,937	131,655	1,047,305	-	(3,627,977) (2,957,305)	
Vocational Programs	788,493	-	76,659	-	(711,834) (661,878)	
All Other Programs	3,067,135	151,083	1,913,349	-	(1,002,703) (740,559)	
<b>Support Services</b>						
Pupil Support	1,792,935	-	132,645	-	(1,660,290) (1,254,222)	
Instructional Staff Support	1,573,086	-	311,364	-	(1,261,722) (1,306,980)	
General Administration	1,463,727	8,005	-	-	(1,455,722) (1,384,759)	
School Administration	2,214,589	-	12,501	-	(2,202,088) (2,129,948)	
Business Services	624,446	-	187,702	-	(436,744) (314,443)	
Plant Services	3,511,514	-	-	-	(3,511,514) (3,298,387)	
Student Transportation Services	2,596,532	-	-	-	(2,596,532) (2,389,415)	
Central Services	360,889	-	-	-	(360,889) (266,334)	
Food Services	2,462,424	713,238	1,112,329	8,750	(628,107) (568,829)	
Community Service Programs	5,000	-	-	-	(5,000) (2,500)	
Interest on Long-Term Debt	2,163,485	-	-	-	(2,163,485) (1,045,457)	
Total Governmental Activities	<u>\$ 45,715,684</u>	<u>\$ 1,003,981</u>	<u>\$ 5,660,715</u>	<u>\$ 8,750</u>	<u>(39,042,238) (33,919,937)</u>	
<b>Taxes</b>						
Property Taxes, Levied for General Purposes					4,057,567 3,951,904	
Property Taxes, Levied for Debt Services					2,426,643 919,062	
Sales and Use Taxes, Levied for General Purposes					5,372,978 5,415,813	
Sales and Use Taxes, Levied for Debt Services					1,343,244 1,353,953	
<b>Grants and Contributions not Restricted to Specific Purposes</b>						
Minimum Foundation Program					23,260,929 19,580,963	
Other					37,262 70,625	
Interest and Investment Earnings					343,412 266,464	
Miscellaneous					281,036 251,261	
Total General Revenues and Special Items					<u>37,123,071 31,810,045</u>	
Change in Net Assets					(1,919,167) (2,109,892)	
Net Assets - Beginning of Year					<u>10,254,037 12,363,929</u>	
Net Assets - End of Year					<u>\$ 8,334,870 \$ 10,254,037</u>	

The notes to the financial statements are an integral part of this statement



**FUND FINANCIAL STATEMENTS**

# CENTRAL COMMUNITY SCHOOL SYSTEM

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2011  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

<u>ASSETS</u>	General Fund	Capital Projects Fund		
		Proposition No 1	Proposition No 2	Sales Tax Revenue Bonds
Cash and Cash Equivalents	\$ 11,582,442	\$ -	\$ -	\$ -
Receivables	798,317	-	-	-
Inventory	-	-	-	-
Due from Other Funds	1,197,003	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	2,605,835	13,535,140	14,607,134
Total Assets	<u>\$ 13,577,762</u>	<u>\$ 2,605,835</u>	<u>\$ 13,535,140</u>	<u>\$ 14,607,134</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities:</b>				
Accounts, Salaries and Other Payables	\$ 2,810,115	\$ 1,057,407	\$ 1,035,712	\$ 1,885,240
Due to Other Funds	-	-	-	-
Total Liabilities	<u>2,810,115</u>	<u>1,057,407</u>	<u>1,035,712</u>	<u>1,885,240</u>
<b>Fund Balances:</b>				
Fund Balances -				
Nonspendable				
Inventory	-	-	-	-
Restricted For:				
Classroom Improvement Grants	8,547	-	-	-
Construction Contracts	-	226,764	4,533	4,614
Debt Service	-	-	-	-
Committed For				
Construction Contracts	-	1,321,664	12,494,895	12,717,280
Assigned To:				
Capital Outlay Projects	2,000,000	-	-	-
School Lunch Program	-	-	-	-
Other Post Employment Benefits	2,000,000	-	-	-
Technology Projects	800,000	-	-	-
Unassigned	<u>5,959,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>10,767,647</u>	<u>1,548,428</u>	<u>12,499,428</u>	<u>12,721,894</u>
Total Liabilities and Fund Balances	<u>\$ 13,577,762</u>	<u>\$ 2,605,835</u>	<u>\$ 13,535,140</u>	<u>\$ 14,607,134</u>

The notes to the financial statements are an integral part of this statement

Statement C

Nonmajor Governmental Funds	Total Governmental Funds	
	2011	2010
\$ 2,412,674	\$ 13,995,116	\$ 11,781,877
1,670,450	2,468,767	2,130,405
73,753	73,753	24,009
-	1,197,003	912,195
2,012,990	32,761,099	42,831,799
<u>\$ 6,169,867</u>	<u>\$ 50,495,738</u>	<u>\$ 57,680,285</u>
\$ 102,501	\$ 6,890,975	\$ 5,402,714
1,197,003	1,197,003	912,195
1,299,504	8,087,978	6,314,909
73,753	73,753	24,009
-	8,547	8,052
-	235,911	181,253
4,678,100	4,678,100	2,905,650
-	26,533,839	38,384,737
-	2,000,000	-
118,510	118,510	80,969
-	2,000,000	-
-	800,000	-
-	5,959,100	9,780,706
4,870,363	42,407,760	51,365,376
<u>\$ 6,169,867</u>	<u>\$ 50,495,738</u>	<u>\$ 57,680,285</u>

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2011

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

	<u>2011</u>	<u>2010</u>
Total Fund Balances - Governmental Funds	\$ 42,407,760	\$ 51,365,376
Cost of Capital Assets	40,229,160	19,397,030
Less. Accumulated Depreciation	<u>(7,200,229)</u>	<u>(6,768,345)</u>
	33,028,931	12,628,685
Deferred Bond Issuance Costs	417,473	345,522
Elimination of Interfund Assets and Liabilities		
Due from Other Funds	1,197,003	912,195
Due to Other Funds	<u>(1,197,003)</u>	<u>(912,195)</u>
	-	-
Long-Term Liabilities:		
Compensated Absences	(1,732,225)	(1,511,935)
Accumulated Unfunded Other Postemployment Benefits Payable	(8,659,864)	(4,156,069)
Bonds Payable	(56,709,663)	(48,000,000)
Accrued Interest Payable	<u>(417,542)</u>	<u>(417,542)</u>
	<u>(67,519,294)</u>	<u>(54,085,546)</u>
Net Assets	<u>\$ 8,334,870</u>	<u>\$ 10,254,037</u>

The notes to the financial statements are an integral part of this statement

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

		Capital Projects Fund		
	General Fund	Proposition No 1	Proposition No 2	Sales Tax Revenue Bonds
<b>Revenues:</b>				
Local Sources				
Taxes				
Ad Valorem	\$ 4,057,567	\$ -	\$ -	\$ -
Sales and Use	5,372,978	-	-	-
Other	159,771	-	-	-
Tuition	151,083	-	-	-
Interest Earnings	80,695	26,336	108,662	100,722
Rentals, Leases and Royalties	19,755	-	-	-
Food Services	-	-	-	-
Other	241,170	-	-	-
State Sources				
Unrestricted Grants-in-Aid	22,843,842	-	-	-
Restricted Grants-in-Aid	316,334	-	-	-
Federal Sources				
Unrestricted - Indirect Cost Recoveries	-	-	-	-
Restricted Grants-in-Aid - Subgrants	50,359	-	-	-
Other - Commodities	-	-	-	-
Total Revenues	33,293,554	26,336	108,662	100,722
<b>Expenditures:</b>				
Instruction				
Regular Programs	14,876,894	-	-	-
Special Education Programs	3,211,027	-	-	-
Vocational Programs	621,431	-	-	-
Other Instructional Programs	863,985	-	-	-
Special Programs	168,475	-	-	-
Support Services				
Pupil Support	1,424,756	-	-	-
Instructional Staff Support	1,061,686	-	-	-
General Administration	933,792	-	-	-
School Administration	1,837,477	-	-	-
Business Services	579,737	-	-	-

(CONTINUED)

Statement E

Nonmajor Governmental Funds	Total Governmental Funds	
	2011	2010
\$ 2,426,643	\$ 6,484,210	\$ 4,870,966
1,343,244	6,716,222	6,769,766
-	159,771	128,947
-	151,083	108,834
26,997	343,412	266,464
-	19,755	27,745
713,238	713,238	666,601
-	241,170	238,969
425,000	23,268,842	19,580,963
-	316,334	698,911
186,001	186,001	223,084
5,048,341	5,098,700	5,339,304
105,692	105,692	69,372
10,275,156	43,804,430	38,989,926
719,525	15,596,419	14,209,743
975,400	4,186,427	3,343,517
56,739	678,170	599,643
-	863,985	692,609
1,823,079	1,991,554	2,197,573
132,645	1,557,401	1,338,019
311,364	1,373,050	1,503,133
87,711	1,021,503	1,011,274
12,501	1,849,978	1,731,302
1,701	581,438	501,943

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	General Fund	Capital Projects Fund		
		Proposition No 1	Proposition No 2	Sales Tax Revenue Bonds
<b>Expenditures (Continued):</b>				
Support Services (Continued)				
Plant Services	3,433,874	28,920	629	446
Transportation Services	2,596,532	-	-	-
Central Services	329,725	-	-	-
Food Services	7,075	-	-	-
Community Service Programs	5,000	-	-	-
Capital Outlay	541,287	6,342,882	5,688,855	8,381,178
Debt Service				
Principal Retirement	-	-	-	-
Interest and Bank Charges	-	-	-	-
Cost of Issuance	-	-	-	76,744
Total Expenditures	<u>32,492,753</u>	<u>6,371,802</u>	<u>5,689,484</u>	<u>8,458,368</u>
Excess (Deficiency) of Revenues Over Expenditures	800,801	(6,345,466)	(5,580,822)	(8,357,646)
<b>Other Financing Sources (Uses):</b>				
Proceeds from Issuance of Debt	-	-	-	9,000,000
Premium on Bond Issuance	-	-	-	194,663
Transfers In	186,001	-	-	-
Transfers Out	-	-	-	(706,969)
Other Transfers Out	<u>(7,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>178,088</u>	<u>-</u>	<u>-</u>	<u>8,487,694</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	978,889	(6,345,466)	(5,580,822)	130,048
<b>Fund Balances at Beginning of Year</b>	<u>9,788,758</u>	<u>7,893,894</u>	<u>18,080,250</u>	<u>12,591,846</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ 10,767,647</u></u>	<u><u>\$ 1,548,428</u></u>	<u><u>\$ 12,499,428</u></u>	<u><u>\$ 12,721,894</u></u>

The notes to the financial statements are an integral part of this statement

Statement E  
(Continued)

Nonmajor Governmental Funds	Total Governmental Funds	
	2011	2010
2,515	3,466,384	3,422,849
-	2,596,532	2,455,124
-	329,725	242,432
2,152,017	2,159,092	1,952,473
-	5,000	2,500
17,500	20,971,702	8,113,879
485,000	485,000	-
2,158,692	2,158,692	627,915
-	76,744	345,522
<u>8,936,389</u>	<u>61,948,796</u>	<u>44,291,450</u>
1,338,767	(18,144,366)	(5,301,524)
-	9,000,000	48,000,000
-	194,663	-
706,969	892,970	1,513,211
(186,001)	(892,970)	(1,513,211)
-	(7,913)	-
<u>520,968</u>	<u>9,186,750</u>	<u>48,000,000</u>
1,859,735	(8,957,616)	42,698,476
<u>3,010,628</u>	<u>51,365,376</u>	<u>8,666,900</u>
<u>\$ 4,870,363</u>	<u>\$ 42,407,760</u>	<u>\$ 51,365,376</u>



## CENTRAL COMMUNITY SCHOOL SYSTEM

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	2011	2010
Total Net Change in Fund Balances - Governmental Funds	\$ (8,957,616)	\$ 42,698,476
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense		
Capital Outlays Which Were Capitalized	20,971,702	8,113,879
Depreciation Expense	(471,603)	(412,111)
Add accumulated depreciation on capital assets retired during the year	39,719	-
Less cost basis of capital assets retired during the year	(139,572)	-
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities		
Issuance of General Obligation Bonds	-	(32,000,000)
Issuance of Sales Tax Revenue Bonds	(9,000,000)	(16,000,000)
Premium Received on Issuance of Sales Tax Revenue Bonds	(194,663)	-
Cost of Issuance of General Obligation Bonds	-	187,921
Cost of Issuance of Sales Tax Revenue Bonds	76,744	157,601
Repayment of Debt	485,000	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
(Increase) Decrease in Compensated Absences Payable	(220,290)	(282,047)
Amortization of Cost of Issuance	(4,793)	-
Increase in Other Postemployment Benefits Obligation Net	(4,503,795)	(4,156,069)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due		
(Increase) Decrease in Accrued Interest Payable	-	(417,542)
Change in Net Assets of Governmental Activities	\$ (1,919,167)	\$ (2,109,892)

The notes to the financial statements are an integral part of this statement

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Local Sources:				
Taxes:				
Ad Valorem	\$ 3,950,000	\$ 4,060,000	\$ 4,057,567	\$ (2,433)
Sales and Use	5,100,000	5,250,000	5,372,978	122,978
Other	-	-	159,771	159,771
Tuition	75,000	153,100	151,083	(2,017)
Interest Earnings	53,000	67,370	80,695	13,325
Rentals, Leases, and Royalties	19,500	20,095	19,755	(340)
Other	95,000	167,850	241,170	73,320
State Sources:				
Unrestricted Grants-in-Aid	22,750,000	22,818,242	22,843,842	25,600
Restricted Grants-in-Aid	235,550	245,550	316,334	70,784
Federal Sources				
Restricted Grants-in-Aid	50,000	50,000	50,359	359
Total Revenues	32,328,050	32,832,207	33,293,554	461,347
<b>Expenditures:</b>				
Instruction:				
Regular Programs	15,474,383	14,868,530	14,876,894	(8,364)
Special Education Programs	2,854,178	3,168,977	3,211,027	(42,050)
Vocational Programs	602,485	609,785	621,431	(11,646)
Other Instructional Programs	707,750	785,825	863,985	(78,160)
Special Programs	130,006	215,041	168,475	46,566
Support Services				
Pupil Support	1,369,188	1,429,697	1,424,756	4,941
Instructional Staff Support	1,130,890	1,074,945	1,061,686	13,259
General Administration	855,850	934,520	933,792	728
School Administration	1,841,909	1,893,354	1,837,477	55,877
Business Services	501,470	565,445	579,737	(14,292)
Plant Services	3,379,362	3,560,419	3,433,874	126,545

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -**  
**GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures (Continued):</b>				
Support Services (Continued)				
Transportation Services	3,000,000	2,650,000	2,596,532	53,468
Central Services	382,574	351,009	329,725	21,284
Food Service	-	-	7,075	(7,075)
Community Service Programs	5,000	5,000	5,000	-
Capital Outlay	<u>292,000</u>	<u>431,600</u>	<u>541,287</u>	<u>(109,687)</u>
Total Expenditures	<u>32,527,045</u>	<u>32,544,147</u>	<u>32,492,753</u>	<u>51,394</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (198,995)	 288,060	 800,801	 512,741
<b>Other Financing Sources (Uses):</b>				
Transfers In	200,000	220,000	186,001	(33,999)
Other Transfers Out	<u>-</u>	<u>-</u>	<u>(7,913)</u>	<u>(7,913)</u>
 Total Other Financing Sources (Uses)	 <u>200,000</u>	 <u>220,000</u>	 <u>178,088</u>	 <u>(41,912)</u>
 Excess of Revenues and Other Sources Over Expenditures Other Uses	 1,005	 508,060	 978,889	 470,829
<b>Fund Balance at Beginning of Year</b>	<u>9,788,758</u>	<u>9,788,758</u>	<u>9,788,758</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<u><u>\$ 9,789,763</u></u>	<u><u>\$ 10,296,818</u></u>	<u><u>\$ 10,767,647</u></u>	<u><u>\$ 470,829</u></u>

The notes to the financial statements are an integral part of this statement

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**FIDUCIARY FUND**

**STATEMENT OF FIDUCIARY NET ASSETS**

**JUNE 30, 2011**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)**

**ASSETS**

	<u>2011</u>	<u>2010</u>
Cash	\$ <u>647,750</u>	\$ <u>522,202</u>
Total Assets	\$ <u><u>647,750</u></u>	\$ <u><u>522,202</u></u>

**LIABILITIES**

Amounts Held for School Activities	\$ <u>647,750</u>	\$ <u>522,202</u>
Total Liabilities	\$ <u><u>647,750</u></u>	\$ <u><u>522,202</u></u>

The notes to the financial statements are an integral part of this statement

# **CENTRAL COMMUNITY SCHOOL SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2011**

### **INTRODUCTION**

Effective November 2006, the Central Community School System (School System) seceded from the East Baton Rouge Parish School System (EBRPSS) and formed its own school district as a result of a statewide election to amend the Louisiana Constitution to create the special school district. The School System was created by Louisiana Revised Statute (LSA-R.S.) 17.66 for the purpose of providing public education for the residents within the Central Community in East Baton Rouge Parish. The School System operated as a start up organization from December 11, 2006 through June 30, 2007 in order to plan, organize and recruit personnel for the following school year. The first year the School System provided educational programs to the residents of the Central Community began on July 1, 2007. The School System Board is comprised of seven members who are elected from seven districts for terms of four years and are charged with the management and operation of the Central Community School System.

The School System operates five schools within the community with a total enrollment of approximately 4,000 students. In conjunction with the regular educational programs, some of these schools offer special education and vocational education programs. In addition, the School Board provides transportation and school food services for the students.

#### **(1) Summary of Significant Accounting Policies -**

##### **A. Basis of Presentation**

The accompanying financial statements of the Central Community School System have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

##### **B. Reporting Entity**

For financial reporting purposes, the School System includes all funds, schools, and agencies that are within the oversight responsibility of the School System. The oversight responsibility derived by the School System is related to its scope of public service and gives it the authority to establish public schools as it deems necessary. This oversight responsibility also allows the School Board to determine the number of teachers and employees to be employed, to establish the financial interdependency of the funds, to appoint management, and to significantly influence operations and accountability for fiscal matters.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2011

Certain units of local government over which the School System exercises no oversight responsibility, such as the City of Central, other independently elected officials, and other governments within the city, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Central Community School System.

The Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 37, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the Central Community School System for financial reporting purposes. The basic criteria are as follows:

1. Appointing a voting majority of an organization's governing body, and
  - a The ability of the School System to impose its will on that organization and/or
  - b The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School System
2. Organizations for which the School System does not appoint a voting majority but are fiscally dependent on the School System.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the School System's management has determined that there are no component units at June 30, 2011

#### **C. Funds**

The School System uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School System functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the School System are classified into two categories as Governmental Funds or Fiduciary Funds and are discussed below

#### **Governmental Funds**

Governmental funds are used to account for all of the School System's general activities. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the School System.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2011

The following are the School System's primary governmental funds

**Governmental Fund Types:**

*General Fund* - The General Fund is the general operating fund of the School System. It is used to account for and report all financial resources not accounted for and reported in other funds.

*Special Revenue Funds* – The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt services or capital projects.

*Debt Service Funds* - The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest and related costs for each type of bond issued

*Capital Projects Funds* - The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Fiduciary Fund Type:**

*Agency Funds* - Agency funds account for assets held by the School Board as an agent for schools and school organizations, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D    Measurement Focus/Basis of Accounting**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the school system.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2011

#### **Program Revenues**

Program revenues included in the Statement of Activities derive directly from parties outside the School Board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

#### **Allocation of Indirect Expenses**

The School System reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that school buildings serve many purposes.

#### **Fund Financial Statements (FFS)**

##### **Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the School System. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major funds of the School System are the General Fund and the Capital Project Funds for the year ended June 30, 2011.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures.



## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

#### **Revenues**

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Federal and State entitlements (which include state equalization and state revenue sharing) are recorded when available and measurable. Federal and State grants are recorded when the reimbursable expenditures have been incurred.

Sales and use tax revenues are recorded in the month collected by the vendor even though not paid to the School Board until the subsequent month.

Substantially all other revenues are recorded when received.

#### **Expenditures**

Salaries are recorded as expenditures when earned. Nine-month employee salaries are earned over a 9-month period, but are paid over a 12-month period. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### **Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid, sale of fixed assets, long-term debt proceeds, bank loan proceeds, etc., are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

#### **E. Budget Practices**

The School System adopts an annual budget for the General Fund, each Special Revenue Fund, each Debt Service Fund and each Capital Projects Fund. Only the General Fund and each Special Revenue Fund is required to be presented in these financial statements.

The proposed budgets for the fiscal year ended June 30, 2011, were made available for public inspection and comments from taxpayers. The budgets, which included proposed expenditures and the means of financing them, were published in the official journal fifteen days prior to the public hearing on the budget for the year ended June 30, 2011. At this meeting, the proposed budgets were legally adopted by the School Board.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2011

The budgets are prepared on a modified accrual basis of accounting. All appropriations lapse at year end. Encumbrances are not recognized within the accounting records for budgetary control purposes. Formal budget integration (within the accounting records) is employed as a management control device. The superintendent is authorized to transfer between line items within any fund. However, when actual revenues within a fund fail to meet budgeted revenues by five percent or more, a budget amendment is adopted by the School System in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

**F. Encumbrances**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**G. Cash, Cash Equivalents, and Investments**

Under state law, the School System may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. Cash and cash equivalents include cash on hand, cash on deposit, certificates of deposit with original maturities less than 90 days, and money market accounts. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times be equal or exceed the amount on deposit with the fiscal agent.

The School System may invest in United States bonds, treasury notes, or certificate and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana or with the Louisiana Asset Management Pool, Inc. Under state law, the School System may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash and cash equivalents are stated at cost, which approximates market value.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

#### **H Inventory**

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the School System and commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenditures when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out basis) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture.

#### **I Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School System, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 10 to 50 years for buildings and improvements, and 5 to 15 years on equipment.

The School System does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Amounts expended for such items prior to June 30, 2007 were considered to be part of the cost of buildings or other immovable property such as stadiums. In the future, if such items are built or constructed, they will be capitalized and depreciated over their estimated useful lives.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. The School System's capitalizes equipment that have an original purchase price of \$5,000 or greater.

#### **J Compensated Absences**

All 12-month employees earn 15 days of vacation leave each year. A maximum of 25 days can be accumulated and is paid to the employee upon termination or can be used for retirement benefit computation.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

All school board employees earn from 8 to 10 days of sick leave each year, depending upon the number of months employed and 2 days personal leave days each year. Sick leave may be accumulated without limitation. Upon retirement or death, unused accumulated sick leave of up to twenty-five days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers Retirement System, the total unused accumulated sick leave, including the twenty-five days paid, is used in the retirement benefit computation as earned service for leave earned prior to July 1, 1988. For sick leave earned between July 1, 1988 and June 30, 1990 under the Louisiana Teachers Retirement System and for sick leave earned under the Louisiana School Employees Retirement System, all unpaid sick leave, which excludes the twenty-five days paid, is used in the retirement benefit computation as earned service. For sick leave earned after June 30, 1990, a maximum of one year of accumulated sick leave earned, which excludes the twenty-five days paid, can be converted to one year of earned service. All remaining accumulated sick leave earned after June 30, 1990, after converting one year of sick leave into one year of earned service, may only be added to the member's service credit if purchased.

Sabbatical leave may only be granted for medical leave and for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service. Sabbatical leave benefits are recorded as expenditures in the period paid.

#### **K. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# **CENTRAL COMMUNITY SCHOOL SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**L. Net Assets**

Net assets represent the difference between assets and liabilities in the GWFS. "Net assets invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the GWFS when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**M. Sales and Use Taxes**

The School System receives a two percent sales and use tax. The sales and use tax is collected by the East Baton Rouge City-Parish, remitted to the School System, and is included in the revenues of the General Fund. The proceeds of the tax are dedicated to the payment of salaries of school teachers and other school employees; the payment of utilities; and constructing, maintaining or operating school buildings and other school related facilities, including the acquisition of sites.

In addition, on May 2, 2009, the voters approved a ½ percent sales and use tax for the purpose of constructing, furnishing and equipping a new middle school, including, if necessary, land acquisitions.

**N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**O. Summary Financial Information for 2010 and Reclassification**

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School System's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Certain items in the 2010 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net assets.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

**P. Fund Equity**

The School System implemented the provisions of Governmental Accounting Standards Board Statement No 54 which redefined how fund balances are presented in fund financial statements, effective July 1, 2010. In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact

**Restricted** - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** - Amounts that can only be used for specific purposes determined by a formal action of the School System. These amounts cannot be used for any other purpose unless the School System removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed

**Assigned** - Amounts that are designated as committed by the School System but are not spendable until a budget resolution is passed

**Unassigned** - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The School System has adopted a policy to maintain the general fund's unassigned fund balance at a minimum balance of 15% of general fund expenditures.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Statement C). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the School System or the Assignment has been changed by the School System. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**(2) Cash and Cash Equivalents -**

The School System maintains various deposit accounts for the current operations of certain individual funds of the School System. Each fund's portion of the cash is included in that fund's Cash and Cash Equivalent account.

Interest earned on pooled cash and investments is allocated to the participating funds based upon their combined participating balances.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

At June 30, 2011, the carrying amount of the School System's Cash and Cash Equivalents and Investments (checking accounts, savings accounts, and certificates of deposits) was \$47,403,965 and the confirmed bank balances were \$48,170,648. Cash and Cash Equivalents and Investments are stated at cost, which approximates market.

The following is a summary of Cash and Cash Equivalents and Investments at June 30, 2011, classified by credit risk:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheets:			
Cash and Cash Equivalents	\$ 46,756,215	\$ 647,750	\$ 47,403,965
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Reconciliation to Balance Sheets:			
Unrestricted	\$ 13,995,116	\$ 647,750	\$ 14,642,866
Restricted	32,761,099	-	32,761,099
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	\$ 46,756,215	\$ 647,750	\$ 47,403,965
	<u>                    </u>	<u>                    </u>	<u>                    </u>

### *Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. As of June 30, 2011, \$47,920,648 of the School System's bank balances of \$48,170,648 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the School System that the fiscal agent has failed to pay deposited funds upon demand.

### (3) Ad Valorem Taxes -

All taxable property in Louisiana is required by law to be assessed annually at a percentage of its fair market value by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**JUNE 30, 2011**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value, other property and electric cooperative properties, excluding land are to be assessed at 15% and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which is valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Parish Assessor during the year and are billed to taxpayers in November. Billed taxes become delinquent on December 31. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Parish Sheriff bills and collects the property taxes using the assessed value determined by the Parish Assessor's office.

The following is a summary of authorized and levied ad valorem taxes

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Parishwide Taxes:		
Constitutional	5.00	4.58
Special	38.21	35.21
Debt Service	9.25	9.25
Debt Service	14.40	14.40

Any differences between authorized and levied millages are the result of reassessment of the tax rolls required by Article 7, Section 23 of the Louisiana Constitution of 1974.

Total Ad Valorem Taxes Levied	\$ 6,686,349
Less Louisiana Tax Commission Changes - Net	(102,842)
Refunds	<u>(99,297)</u>
Net Ad Valorem Taxes Collectible	<u>\$ 6,484,210</u>

Ad Valorem taxes receivable at June 30, 2011, totaled \$83,497



**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2011

(4) Receivables -

The receivables at June 30, 2011, are as follows:

	<u>Federal Grants</u>	<u>State Grants</u>	<u>Sales Taxes</u>	<u>Ad Valorem Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 392	\$ 32,710	\$ 712,978	\$ 47,725	\$ 3,735	\$ 777	\$ 798,317
Nonmajor Funds	<u>1,297,159</u>	<u>-</u>	<u>178,244</u>	<u>35,772</u>	<u>2,211</u>	<u>157,064</u>	<u>1,670,450</u>
Totals	<u>\$1,297,551</u>	<u>\$ 32,710</u>	<u>\$ 891,222</u>	<u>\$ 83,497</u>	<u>\$ 5,946</u>	<u>\$157,841</u>	<u>\$2,468,767</u>

(5) Interfund Receivables, Payables - Transfers In, Transfers Out -

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$1,197,003	\$ -
Special Revenue Funds:		
Improving America's Schools	-	386,646
Special Education	-	248,285
Other Federal	<u>-</u>	<u>562,072</u>
Total Special Revenue Funds	<u>-</u>	<u>1,197,003</u>
Total	<u>\$1,197,003</u>	<u>\$1,197,003</u>
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 186,001	\$ -
Special Revenue Funds		
Improving America's Schools	-	107,697
Special Education	-	68,436
Other Federal Funds	-	9,868
Capital Projects Funds:		
Sales Tax Revenue Bonds	-	706,969
Debt Service Funds:		
Sales Tax Bonds	<u>706,969</u>	<u>-</u>
Total	<u>\$ 892,970</u>	<u>\$ 892,970</u>

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

(6) Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<u>Governmental Activities:</u>				
Capital Assets not being Depreciated:				
Land	\$ 2,606,438	\$ 324,768	\$ -	\$ 2,931,206
Construction in Progress	5,455,825	20,933,758	(9,925,562)	16,464,021
Total Capital Assets not being Depreciated	8,062,263	21,258,526	(9,925,562)	19,395,227
Capital Assets being Depreciated:				
Buildings and Improvements	10,868,089	9,372,844	-	20,240,933
Furniture and Equipment	466,678	265,894	(139,572)	593,000
Total Capital Assets being Depreciated	11,334,767	9,638,738	(139,572)	20,833,933
Less. Accumulated Depreciation for:				
Buildings and Improvements	6,574,601	404,088	-	6,978,689
Furniture and Equipment	193,744	67,515	(39,719)	221,540
Total Accumulated Depreciation	6,768,345	471,603	(39,719)	7,200,229
Total Capital Assets being Depreciated, Net	4,566,422	9,167,135	(99,853)	13,633,704
Total Governmental Activities Capital Assets, Net	<u>\$12,628,685</u>	<u>\$30,425,661</u>	<u>\$ (10,025,415)</u>	<u>\$ 33,028,931</u>

Assets transferred from the East Baton Rouge Parish School System on July 1, 2007 were transferred at historical cost less accumulated depreciation. These amounts were obtained from the East Baton Rouge Parish School System.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

Depreciation expense of \$471,603 for the year ended June 30, 2011 was charged to the following governmental functions

**Instruction:**

Regular Education	\$ 15,259
-------------------	-----------

**Support Services:**

General Administration (Including all Buildings)	405,750
School Administration	35,202
Plant Services	12,384
School Food Services	<u>3,008</u>

Total	<u>\$ 471,603</u>
-------	-------------------

The Capital Project Funds show total fund equity of \$26,769,750. A summary of commitments under construction contracts for the School System at June 30, 2011, follows:

	<u>Project Authorization</u>	<u>Expended to June 30, 2011</u>	<u>Unexpended Commitment</u>
Bellingrath Hills Elementary - Phase II	\$ 30,661	\$ 23,257	\$ 7,404
Tanglewood Elementary - Phase II	30,174	22,770	7,404
Central High Schools Renovations - Phase II	2,582,603	1,275,747	1,306,856
New Intermediate and Middle Schools	<u>40,354,422</u>	<u>15,142,247</u>	<u>25,212,175</u>
Total	<u>\$42,997,860</u>	<u>\$16,464,021</u>	<u>\$26,533,839</u>

(7) **Accounts, Salaries, and Other Payables -**

The payables at June 30, 2011, are as follows

	<u>Accounts</u>	<u>Salaries Withholdings and Benefits</u>	<u>Total</u>
General Fund	\$ 248,959	\$2,561,156	\$2,810,115
Capital Project Funds			
Proposition 1	1,057,407	-	1,057,407
Proposition 2	1,035,712	-	1,035,712
Sales Tax	1,885,240	-	1,885,240
Nonmajor Funds	<u>102,501</u>	<u>-</u>	<u>102,501</u>
Total	<u>\$4,329,819</u>	<u>\$2,561,156</u>	<u>\$6,890,975</u>

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

(8) Defined Benefit Pension Plans -

A Plan Descriptions, Contribution Information and Funding Policies -

Every employee of the School Board contributes to some type of retirement plan. Substantially, most employees are members of either Teachers' Retirement System of Louisiana (TRSL), or State of Louisiana School Employees' Retirement System (LSERS). In general, professional employees, including, but not limited to, classroom teachers, educators not working in the classroom, principals, accountants, bookkeepers, secretaries, paraprofessionals, and School Food Service employees are members of TRSL. LSERS members included employees who work more than 20 hours per week in the position of Bus Aide, Bus Driver, Custodian or Maintenance.

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
Eligibility to Participate	Employees that meet the legal definition of a "teacher" in accordance with Louisiana Revised Statutes 11.701(23)(a).	Employees paid with school food service funds in which the parish has withdrawn from Social Security coverage	Membership is mandatory for all employees under age 60 employed by a Louisiana Parish or City School Board who work more than 20 hours as a school bus driver, school janitor, school custodian, school maintenance employee, or school bus aide.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute

(CONTINUED)

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
Plan Members' Contribution Rate (Percent of Covered Payroll)	8.00%	9.10%	7 50% - Hired before July 1, 2010  8.00% - Hired on or after July 1, 2010
School Board's Contribution Rate (Percent of Covered Payroll)	20 20%	20.20%	24 30%
Period Required to Vest	5 years	5 years	10 years (Membership prior to January 1, 2010) 5 Years (Membership after December 31, 2009)
Benefits and Eligibility for Distribution (Full-time)	Benefit based on a percentage of the member's average salary for the 36 highest successive months using the following require- ments. Membership prior to July 1, 1999  <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">Years <u>Service</u> 5</div> <div style="text-align: center;">Min <u>Age</u> 60</div> <div style="text-align: center;">Formula <u>Percentage</u> 2 0%</div> </div>	Benefit based on a percentage of the member's average salary for the 36 highest successive months using the following require- ments. Membership includes School Food Service Workers who were active members of the School Lunch Employees' Retirement System on	Final average compensation is based on when membership begins  Membership prior to July 1, 2006 Benefit based on 36 highest successive months which are subject to the 10% salary limitation.

(CONTINUED)

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

### Teachers' Retirement System of Louisiana - Regular Plan

20	Any Age	2 0%
25	55	2 5%
30	Any Age	2 5%
20	65	2 5%

Membership between  
July 1, 1999 and  
December 31, 2010

Years Service	Min Age	Formula Percentage
5	60	2 5%
20*	Any Age	2 5%
25	55	2 5%
30	Any Age	2 5%

\*Actuarially Reduced Benefit

Membership on or after  
January 1, 2011

Benefit based on 60  
highest successive  
months which are  
subject to the 15%  
salary limitation

Years Service	Min Age	Formula Percentage
5	60	2 5%
20*	Any Age	2 5%

\*Actuarially Reduced Benefit

### Teachers' Retirement System of Louisiana - Plan A

July 1, 1983, when the  
System merged with TRSL.

Years Service	Min Age	Formula Percentage
5	60	3 0%
25	55	3 0%
30	Any Age	3 0%

Plan A Members who did  
not contribute to  
retirement until their  
employers withdrew from  
Social Security coverage  
will receive:

- One percent for those  
years before withdrawal  
plus
- \$24 per year for each  
year that retirement  
was not paid

### State of Louisiana School Employees' Retirement System

Membership on or after  
July 1, 2006 through June,  
2010. Benefit based on  
60 highest successive  
months which are subject  
to the 10% salary  
limitation

Membership on or after July  
1, 2010. Benefit based on 60  
highest successive months  
which are subject to the 15%  
salary limitation.\*\*  
\*\*Salary is limited by  
applicable percentage (10 or  
15%) for each 12 month period.

Accrual Rate for Calculation  
of Benefits

- Member prior to July 1,  
2010 – 3 33%
- Member on or after July 1,  
2010 – 2.5%

#### Early Retirement

Member Prior to July 1, 2010

Years Service	Min Age	Formula Percentage
20*	Any Age	3 33%

Member on or after July 1, 2010

Years Service	Min Age	Formula Percentage
20*	Any Age	2 5%

\*Actuarially Reduced Benefit

(CONTINUED)

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

### Teachers' Retirement System of Louisiana - Regular Plan

### Teachers' Retirement System of Louisiana - Plan A

### State of Louisiana School Employees' Retirement System

Regular Service Retirement  
Member on or before June 30,  
2010

Years Service	Min Age	Formula Percentage
10	60	3 33%
20*	Any Age	3 33%
25	55	3 33%
30	Any Age	3 33%

\*Actuarially Reduced Benefit

Member on or after July 1, 2010

Years Service	Min. Age	Formula Percentage
5	60	2 5%
20*	Any Age	2 5%

\*Actuarially Reduced Benefit

### Deferred Retirement Option

Yes

Years Service	Min Age	Formula Percentage
20	65	2 5%
25	55	2 5%
30	Any Age	2 5%
10	60	2 0%
5*	60	2 5%

\*Membership on or after January 1, 2011, allows for DROP participation if the member has five years of service credit at age 60 in conformance with the retirement eligibility provisions provided by Act No. 992 of the 2010 R.S.

Yes

Years Service	Min Age	Formula Percentage
10	60	3 0%
25	55	3 0%
30	Any Age	3.0%

Yes

Member prior to July 1, 2010		
Years Service	Min Age	Formula Percentage
10	60	3 33%
25	55	3 33%
30	Any Age	3 33%

Member on or after July 1, 2010

Years Service	Min Age	Formula Percentage
5	60	2 5%

(CONTINUED)

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>	<u>Teachers' Retirement System of Louisiana - Plan A</u>	<u>State of Louisiana School Employees' Retirement System</u>
Provisions for:			
Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

### B Trend Information -

Contributions required by State statute:

	<u>Teachers' Retirement System of Louisiana - Regular Plan</u>		<u>Teachers' Retirement System of Louisiana - Plan A</u>		<u>State of Louisiana School Employees' Retirement System</u>	
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 15,067	100%	\$ -	N/A	\$ -	N/A
2008	\$ 2,094,260	100%	\$ -	N/A	\$20,055	100%
2009	\$ 2,544,940	100%	\$ -	N/A	\$ 8,918	100%
2010	\$ 2,757,473	100%	\$ -	N/A	\$ 8,748	100%
2011	\$ 4,016,374	100%	\$ -	N/A	\$11,750	100%

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.



# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

(9) Changes in Agency Fund Deposits Due Others -

A summary of changes in agency fund deposits due others follows

	<u>School Activity Fund</u>
Balance - June 30, 2010	\$ 522,202
Additions	1,568,895
Deductions	<u>(1,443,347)</u>
Balance - June 30, 2011	<u>\$ 647,750</u>

(10) Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2011:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Long-Term Obligations - July 1, 2010	\$48,000,000	\$ 1,511,935	\$ 4,156,069	\$53,668,004
Additions				
Increases	-	1,337,782	4,521,285	5,859,067
Bond Proceeds	9,000,000	-	-	9,000,000
Premium on Bonds	194,663	-	-	194,663
Deductions	<u>(485,000)</u>	<u>(1,117,492)</u>	<u>(17,490)</u>	<u>(1,619,982)</u>
Long-Term Obligations - June 30, 2011	<u>\$56,709,663</u>	<u>\$ 1,732,225</u>	<u>\$ 8,659,864</u>	<u>\$67,101,752</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2011:

	<u>Bonded Debt</u>	<u>Compensated Absences</u>	<u>Post- Employment Benefits</u>	<u>Total</u>
Current Portion	\$ 1,905,000	\$ 433,056	\$ -	\$ 2,338,056
Long-Term Portion	<u>54,804,663</u>	<u>1,299,169</u>	<u>8,659,864</u>	<u>64,763,696</u>
Total	<u>\$56,709,663</u>	<u>\$ 1,732,225</u>	<u>\$ 8,659,864</u>	<u>\$67,101,752</u>

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

### Bonded Debt

All School System bonds outstanding at June 30, 2011 in the amount of \$56,515,000 consist of general obligation bonds and sales tax revenue bonds with final maturities from 2029 to 2030 and interest rates from 2.00 percent to 6.00 percent. Bond principal and interest payable in the next fiscal year is \$1,905,000 and \$2,207,177, respectively. Bonded debt is comprised of the following individual issues which are payable from the debt service funds:

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Final Payment Due</u>	<u>Interest to Maturity</u>	<u>Principal Outstanding</u>
<b>General Obligation Bonds -</b>					
<b>Secured by Ad Valorem Taxes</b>					
<b>Series 2009 -</b>					
Issued September 1, 2009	\$10,000,000	4.0-4.5%	03/01/29	\$ 4,572,748	\$10,000,000
<b>Series 2009A -</b>					
Issued December 1, 2009	\$12,000,000	3.0-4.5%	03/01/29	5,175,699	12,000,000
<b>Series 2010 -</b>					
Issued March 1, 2010	\$10,000,000	3.0-4.1%	03/01/30	<u>4,423,999</u>	<u>10,000,000</u>
<b>Total General Obligation Bonds</b>					
<b>Secured by Ad Valorem Taxes</b>				14,172,446	32,000,000
<b>Sales Tax Revenue Bonds -</b>					
<b>Secured by Sales Taxes:</b>					
<b>Series 2009 -</b>					
Issued September 1, 2009	\$ 6,000,000	4.2-6.0%	01/01/29	2,737,554	5,815,000
<b>Series 2010 -</b>					
Issued March 1, 2010	\$10,000,000	3.25-4.25%	01/01/30	4,318,175	9,700,000
<b>Series 2010 -</b>					
Issued September 1, 2010	\$ 9,000,000	2.0-4.125%	01/01/30	<u>3,799,322</u>	<u>9,000,000</u>
<b>Total Sales Tax Bonds</b>					
<b>Secured by Sales Taxes</b>				<u>10,855,051</u>	<u>24,515,000</u>
<b>Total Bonded Debt</b>				<u>\$25,027,497</u>	<u>\$56,515,000</u>

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the Central Community School District and the avails of a ½% sales and use tax within the Central Community School District within East Baton Rouge Parish. At June 30, 2011 the School System has accumulated \$4,678,100 in the Debt Service Funds for future debt requirements. The bonds are due, by years, as follows.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

Year Ending June 30,	General Obligation Bonds			Sales Tax Bonds		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2012	\$ 1,095,000	\$ 1,252,629	\$ 2,347,629	\$ 810,000	\$ 954,548	\$ 1,764,548
2013	1,155,000	1,214,969	2,369,969	850,000	928,801	1,778,801
2014	1,205,000	1,175,504	2,380,504	890,000	902,195	1,792,195
2015	1,275,000	1,134,341	2,409,341	940,000	873,310	1,813,310
2016	1,340,000	1,090,766	2,430,766	995,000	841,375	1,836,375
2017-2021	7,800,000	4,614,357	12,414,357	5,760,000	3,548,835	9,308,835
2022-2026	10,015,000	2,934,795	12,949,795	7,390,000	2,236,286	9,626,286
2027-2030	8,115,000	755,085	8,870,085	6,880,000	569,701	7,449,701
	32,000,000	14,172,446	46,172,446	24,515,000	10,855,051	35,370,051
Unamortized Premium	-	-	-	194,663	-	194,663
	<u>\$32,000,000</u>	<u>\$ 14,172,446</u>	<u>\$46,172,446</u>	<u>\$ 24,709,663</u>	<u>\$10,855,051</u>	<u>\$ 35,564,714</u>

Year Ending June 30,	Total Bonds		
	Principal Payments	Interest Payments	Total
2012	\$ 1,905,000	\$ 2,207,177	\$ 4,112,177
2013	2,005,000	2,143,770	4,148,770
2014	2,095,000	2,077,699	4,172,699
2015	2,215,000	2,007,651	4,222,651
2016	2,335,000	1,932,141	4,267,141
2017-2021	13,560,000	8,163,192	21,723,192
2022-2026	17,405,000	5,171,081	22,576,081
2027-2030	14,995,000	1,324,786	16,319,786
	56,515,000	25,027,497	81,542,497
Unamortized Premium	194,663	-	194,663
	<u>\$56,709,663</u>	<u>\$ 25,027,497</u>	<u>\$81,737,160</u>

In accordance with Louisiana Revised Statute 39.562, the School System is legally restricted from incurring long-term bonded debt funded by ad valorem taxes, in excess of thirty-five percent of the assessed value of taxable property. At June 30, 2011, the statutory limit is approximately \$58,500,000 and outstanding general obligation bonded debt funded by ad valorem taxes totals \$32,000,000.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

#### Compensated Absences

At June 30, 2011, employees of the School System have accumulated and vested \$1,732,225 of employee leave benefits, which was computed in accordance with GASB Codification Section C60

#### Post-Employment Benefits

**Plan Description.** The Central Community School System's medical benefits, authorized by the School System's Board, are provided through insured programs and are made available to employees upon actual retirement. Substantially all of the school system's employees become eligible for these benefits when they reach retirement age while working for the system. Benefits are available to employees upon retirement according to retirement eligibility provisions as follows: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 20 years of service credit with the exception that some food service employees must have 30 years of service credit and be age 55. These benefits for retirees are similar to benefits for active employees provided through an insurance company. Premiums are paid jointly by the school system and retiree.

Health coverage includes a fully insured group health maintenance plan together with Medicare plans for those eligible. The plan provisions are contained in the official plan documents. Life insurance coverage is also available to retirees.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until fiscal year ended June 30, 2010, the Central Community School System recognized the cost of providing post-employment, medical and life benefits (the School System's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due. Thus, the costs of the post-employment benefits were funded on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2009, the Central Community School System implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45).

In fiscal year ending June 30, 2011, the School System's portion of health care funding cost for retired employees totaled \$17,490 and there were four retirees receiving post retirement health care benefits. This amount was applied toward the Net OPEB Benefit Obligation as shown in the table included in the Annual Required Contribution section below.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

**Annual Required Contribution.** The Central Community School System's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2010 is \$4,151,423 as set forth below:

Normal Cost	\$ 3,033,721
30-year UAL amortization amount	<u>1,117,702</u>
Annual required contribution (ARC)	<u>\$ 4,151,423</u>

**Net Post-employment Benefit Obligation (Asset).** The table below shows the Central Community School System's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ended June 30, 2011:

1. Net OPEB Obligation (Asset) - Beginning of Year	\$ 4,156,069
2. Annual Required Contribution	4,151,423
3. Interest on Net OPEB Obligation (Asset)	145,462
4. ARC Adjustment	<u>(224,400)</u>
5. OPEB Cost [2] + [3] - [4]	4,521,285
6. Contribution	-
7. Current Year Retiree Premium Paid	<u>17,490</u>
8. Change in Net OPEB Obligation [5] - [6] - [7]	<u>4,503,795</u>
9. Net OPEB Obligation (Asset) - End of Year [1] + [8]	<u>\$ 8,659,864</u>

The following table shows Central Community School System's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset)

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net PEB Liability (Asset)
June 30, 2010	\$ 4,296,723	3.27%	\$ 4,156,069
June 30, 2011	\$ 4,521,285	0.38%	\$ 8,659,864

**Funded Status and Funding Progress.** In the fiscal year ended June 30, 2011, the Central Community School System made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of June 30, 2011, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$21,276,317 which is defined as that portion, as determined by a particular actuarial cost method (the Central Community School System uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial accrued liability of \$21,276,317 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 21,276,317
Actuarial Value of Plan Assets (AVPA)	-
Unfunded Actuarially Accrued Liability (UAAL)	<u>\$ 21,276,317</u>
Funded Ratio (AVPA – UAAL)	0%
Covered Payroll (active plan members)	\$ 20,426,979
UAAL as a percentage of covered payroll	104%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate, (4) mortality rate; (5) discount rate (investment return assumption), and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Central Community School System and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Central Community School System and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

legal or contractual funding limitations on the pattern of cost sharing between the Central Community School System and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** There are no assets as the School System has not established a separate trust to hold the separate plan assets as of June 30, 2011. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate.** A years-of-service related turnover scale based on actual experience as determined by the actuary for the Teachers' Retirement System. The rates for each age are below:

<u>Years of Service</u>	<u>Percent Turnover</u>
20	10.0%
25	13.0%
30	13.0%
35	9.0%
40	6.0%
50	3.0%
60	4.0%

**Post Employment Benefit Plan Eligibility Requirements.** It is assumed that entitlement to benefits will commence after earliest eligibility to retire. Eligibility for these benefits has been assumed to be the earliest of: (1) Age 60 with at least 5 years of service credit; (2) Age 55 with at least 25 years of service credit; (3) any age with at least 20 years of service credit with the exception that some food service employees must have 30 years of service credit and be age 55. Entitlement to benefits continues through Medicare to death.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 3.5% annual investment return has been used in this valuation. This is a conservative estimate of the rate of return used in the course of its financial activity.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on the following projections

<u>Year</u>	<u>Pre-Medicare</u>	<u>Post-Medicare</u>	<u>Year</u>	<u>Pre-Medicare</u>	<u>Post-Medicare</u>
2012	10%	10%	2020	6%	6%
2013	10%	9%	2021	6%	5%
2014	9%	9%	2022	5%	5%
2015	9%	8%	2023	5%	5%
2016	8%	8%	2024	4%	4%
2017	8%	7%	2025	4%	4%
2018	7%	7%	2026	4%	3%
2019	7%	6%			

**Mortality Rate:** The 2010 Applicable Mortality Table separately for males and females.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates for active and retired were "age" adjusted based on a study published in the North American Actuarial Journal in July 2005 (Petertil factors) Selected factor used to age adjust benefits are as follows:

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
50-54	3.3%	75-79	2.0%
55-59	3.6%	80-84	1.0%
60-64	4.2%	85-89	.5%
65-69	3.0%	90 -	.0%
70-74	2.5%		

(11) **Litigation and Claims -**

At June 30, 2011, the School System is involved in several lawsuits. It is the opinion of the legal adviser for the School System that the ultimate resolution of these lawsuits will not involve any material liability to the School System in excess of insurance coverage and amounts recorded in these financial statements.

(12) **Fund Balance - General Fund - Assigned To Other Post Employment Benefits -**

During the current fiscal year, the School System passed a motion to set aside funds in the amount of \$2,000,000 in the General Fund to be used to fund the Other Post Employment Benefits trust fund plan when adopted.



# CENTRAL COMMUNITY SCHOOL SYSTEM

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011

(13) Fund Balance - General Fund - Restricted for Classroom Improvement Grants -

Excellence in Education - Classroom Improvements - In the current year, the School System received payments from the State of Louisiana in connection with the State's settlement of its lawsuit with the tobacco industry. These funds can only be spent on classroom improvements as required by the State. Accordingly, the unspent monies at June 30, 2011 of \$8,547 are reflected as a restriction of fund balance.

(14) Current Accounting Pronouncements -

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the Central Community School System for fiscal year ending June 30, 2013.

(15) - Revenues and Expenditures - Actual Compared to Budget -

The Central Community School System had actual revenues and/or other sources and expenditures and/or other uses with unfavorable variances exceeding 5% or more for the year ended June 30, 2011 as follows.

<u>Fund Name</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Improving America's Schools Act Fund - Revenues	\$2,049,210	\$1,721,188	\$ (328,022)
Public Law 94-142 - Special Education Fund - Revenues	\$1,445,489	\$1,035,716	\$ (409,773)
Federal Grant Fund - Expenditures	\$ 629,754	\$1,452,183	\$ (822,429)

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

**SCHEDULES REQUIRED BY STATE LAW**  
**(R.S. 24-514 - PERFORMANCE AND STATISTICAL DATA)**

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone 225 928 4770 • Fax 225 926 0945  
www.htbcpa.com

February 28, 2012

Independent Accountant's Report  
on Applying Agreed-Upon Procedures  
to the Central Community School System

To the Members of the Board of the  
Central Community School System  
Central, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Central Community School System and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Central Community School System and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and  
Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported at the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

The original schedule provided to us for testing did not reconcile to the accounting record's account balances. The original schedule included \$183,491 of expenditures reported as Other Instructional Staff Activities that should have been reported as Classroom Teacher Salaries. Management provided us with an updated Schedule 1 that corrected the misclassification of expenditures of Other Instructional Staff Activities and Classroom Teacher Salaries. In addition, the instructional equipment expenditure included in the Total Teacher and Student Interaction Activities category and Total General Fund Equipment Expenditures was incorrect as the balance failed to include various adjustments to the accounting records. The expenditures for Schedule 1 were increased by \$2,314 from the original schedule provided to us and the corrected balances are reflected in this report.

In addition, the original report provided to us for testing did not agree with the revenue balances included in the accounting records for constitutional ad valorem tax, renewable ad valorem tax, debt service ad valorem tax, and up to 1% collections by sheriff on taxes other than school taxes. The revenues for Schedule 1 were decreased by \$68,986 from the original schedule provided to us and the corrected balances are reflected in this report.

#### Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

The original schedule 2 provided to us for testing contained a total number of teachers of 270 while the total listed on schedule 4's original schedule contained 269 teachers. Also, the teachers listed per degree category included 197 teachers with a bachelor's degree and 7 teachers with a master's degree + 30 while the supporting documentation contained 196 teachers with a bachelor's degree and 8 teachers with a master's degree + 30. Schedule 2 included in this report reflects the correct balances.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

The original schedules 2 and 4 provided to us for testing did not reconcile. Schedule 2 listed 270 teachers while schedule 4 listed 269 teachers. Schedule 2 included in this report reflects the correct balances. Differences noted on schedule 4 are identified in item 6 below.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and to determine if the individual's education level was properly classified on the schedule.

The 25 teachers selected agreed to the supporting documentation for schedule 2 but did not agree with the original schedule 2. Schedule 2 included in this report reflects the correct balances.

### Number and Type of Public Schools (Schedule 3)

- 5 We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application

(No Differences Noted)

### Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

The original schedule 4 provided to us for testing included 269 teachers instead of 270 teachers included in schedule 2 and also included in the supporting records. Also, the original schedule 4 did not properly categorize the balance of teachers per years of experience. The following table illustrates the differences noted between the original schedule 4 provided to us and the final schedule reported:

<u>Years of Experience</u>	<u>Number of Teachers</u>		
	<u>Original Schedule 4</u>	<u>Final Schedule 4</u>	<u>Difference</u>
0-1	31	31	-
2-3	35	34	(1)
4-10	80	81	1
11-14	25	26	1
15-19	32	32	-
20-24	28	28	-
25+	38	38	-
	<u>269</u>	<u>270</u>	<u>1</u>

### Public Staff Data (Schedule 5)

- 7 We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

The original schedule 5 we received did not agree with the supporting documentation. This report contains the corrected balances. The balance of average teacher salary including extra compensation was increased by \$392 while the balance of average teacher salary excluding extra compensation was decreased by \$704. The balances of classroom teachers excluding ROTC and rehired retirees for average teacher salary was increased by \$388 while the balance for average teacher salary excluding extra compensation was decreased by \$592.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

The differences noted are reported above in item 7. Schedule 5 included in this report contain the balances that agree with the supporting documentation.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule

The original schedule 6 that we received for testing did not reconcile with the supporting documentation. Schedule 6 included in this report agrees with the supporting documents. Also, the related percentage information was revised to reflect the correct calculations after the schedule was corrected. The following table illustrates the differences between the original information we received and the final schedule reported:

	Total Number of Classes		Difference
	Original Schedule	Reported Schedule	
Elementary	815	587	(228)
Elementary Activity Classes	73	73	-
Middle	292	331	39
Middle Activity Classes	13	27	14
High	285	403	118
High Activity Classes	53	71	18
Total Classes	1,531	1,492	(39)

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Central Community School System.

The original schedule 7 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 7 included in this report agrees with the supporting documentation.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Central Community School System

The original schedule 8 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 8 included in this report agrees with the supporting documentation.

The iLeap Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Central Community School System

The original schedule 9 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 9 included in this report agrees with the supporting documentation

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Central Community School System, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu A. Bourgeois, CPA*

## CENTRAL COMMUNITY SCHOOL SYSTEM

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES

FOR THE YEAR ENDED JUNE 30, 2011

General Fund Instructional and Equipment Expenditures

## General Fund Instructional Expenditures.

## Teacher and Student Interaction Activities

Classroom Teacher Salaries	\$ 12,430,640	
Other Instructional Staff Activities	1,069,356	
Employee Benefits	4,675,194	
Purchased Professional and Technical Services	372,556	
Instructional Materials and Supplies	1,076,046	
Instructional Equipment	8,500	
Total Teacher and Student Interaction Activities		19,632,292

Other Instructional Activities		118,020
--------------------------------	--	---------

Pupil Support Activities	1,424,756	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		1,424,756

Instructional Staff Services	1,061,686	
Less Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		1,061,686

School Administration	1,837,477	
Less Equipment for School Administration	-	
Net School Administration		1,837,477

Total General Fund Instructional Expenditures		\$ 24,074,231
---	--	---------------

Total General Fund Equipment Expenditures		\$ 20,445
---	--	-----------

(CONTINUED)



**CENTRAL COMMUNITY SCHOOL SYSTEM**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES**  
**AND CERTAIN LOCAL REVENUE SOURCES (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

**Certain Local Revenue Sources**

Local Taxation Revenue.

Constitutional Ad Valorem Taxes	467,117
Renewable Ad Valorem Tax	3,590,450
Debt Service Ad Valorem Tax	2,426,643
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	154,859
Sales and Use Taxes	6,716,222
Total Local Taxation Revenue	<u>\$ 13,355,291</u>

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue	<u>\$ 12,086</u>
----------------------------	------------------

Nonpublic Transportation Revenue	<u>\$ -</u>
----------------------------------	-------------

See auditor's report

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**EDUCATION LEVELS OF PUBLIC SCHOOL STAFF**

AS OF OCTOBER 1, 2010

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	1	0%	0	0%	0	0%	0	0%
Bachelor's Degree	196	73%	0	0%	0	0%	0	0%
Master's Degree	62	23%	0	0%	8	62%	0	0%
Master's Degree + 30	8	3%	0	0%	5	38%	0	0%
Specialist in Education	3	1%	0	0%	0	0%	0	0%
Ph D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
<b>Total</b>	<b>270</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>13</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

See auditor's report.

**CENTRAL COMMUNITY SCHOOL SYSTEM****NUMBER AND TYPE OF PUBLIC SCHOOLS****FOR THE YEAR ENDED JUNE 30, 2011**

<b>Type</b>	<b>Number</b>
Elementary	3
Middle/Jr. High	1
Secondary	1
Combination	0
<b>Total</b>	<b>5</b>

## CENTRAL COMMUNITY SCHOOL SYSTEM

EXPERIENCE OF PUBLIC PRINCIPALS AND FULL-TIME CLASSROOM TEACHERS

AS OF OCTOBER 1, 2010

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs	15-19 Yrs.	20-24 Yrs	25+ Yrs.	Total
Assistant Principals	-	-	-	1	3	1	3	8
Principals	-	-	-	-	1	1	3	5
Classroom Teachers	31	34	81	26	32	28	38	270
<b>Total</b>	31	34	81	27	36	30	44	283

## CENTRAL COMMUNITY SCHOOL SYSTEM

PUBLIC SCHOOL STAFF DATA

FOR THE YEAR ENDED JUNE 30, 2011

	<u>All Classroom Teachers</u>	<u>Classroom Teachers Excluding ROTC, Rehired Retirees and Flagged Salary</u>
Average Classroom Teachers' Salary Including Extra Compensation	\$47,742	\$47,336
Average Classroom Teachers' Salary Excluding Extra Compensation	\$46,576	\$46,326
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	270	261

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers, some teachers may have been flagged as receiving reduced salaries (e.g. extended medical leave), and ROTC teachers receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

## CENTRAL COMMUNITY SCHOOL SYSTEM

CLASS SIZE CHARACTERISTICS

AS OF OCTOBER 1, 2010

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	32.4%	190	67.6%	397	0.0%	-	0.0%	-
Elementary Activity Classes	32.9%	24	65.7%	48	1.4%	1	0.0%	-
Middle/Jr High	20.5%	68	64.4%	213	14.8%	49	0.3%	1
Middle/Jr High Activity Classes	7.4%	2	0.0%	-	22.2%	6	70.4%	19
High	42.4%	171	26.1%	105	30.8%	124	0.7%	3
High Activity Classes	62.0%	44	15.5%	11	16.9%	12	5.6%	4
Combination	N/A	-	N/A	-	N/A	-	N/A	-
Combination Activity Classes	N/A	-	N/A	-	N/A	-	N/A	-

**Note:** The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

## CENTRAL COMMUNITY SCHOOL SYSTEM

## LOUISIANA EDUCATIONAL ASSESSMENT PROGRAM (LEAP) FOR THE 21ST CENTURY

FOR THE YEAR ENDED JUNE 30, 2011

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	24	9%	15	5%	14	5%	22	8%	13	5%	11	4%
Mastery	77	29%	67	24%	87	33%	72	26%	71	25%	50	19%
Basic	142	52%	143	51%	124	48%	141	52%	137	48%	145	56%
Approaching Basic	22	8%	46	16%	23	9%	29	11%	37	13%	32	12%
Unsatisfactory	6	2%	12	4%	12	5%	7	3%	25	9%	22	9%
<b>Total</b>	<b>271</b>	<b>100%</b>	<b>283</b>	<b>100%</b>	<b>260</b>	<b>100%</b>	<b>271</b>	<b>100%</b>	<b>283</b>	<b>100%</b>	<b>260</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>												
Advanced	8	3%	10	4%	21	8%	13	5%	4	1%	6	2%
Mastery	57	21%	63	22%	61	24%	65	24%	56	20%	45	18%
Basic	164	60%	151	53%	131	50%	170	62%	165	58%	156	60%
Approaching Basic	38	14%	52	18%	34	13%	18	7%	43	15%	36	14%
Unsatisfactory	5	2%	9	3%	12	5%	6	2%	17	6%	16	6%
<b>Total</b>	<b>272</b>	<b>100%</b>	<b>285</b>	<b>100%</b>	<b>259</b>	<b>100%</b>	<b>272</b>	<b>100%</b>	<b>285</b>	<b>100%</b>	<b>259</b>	<b>100%</b>

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	14	5%	9	3%	4	1%	8	3%	23	8%	16	5%
Mastery	61	23%	53	19%	55	18%	15	6%	18	7%	28	10%
Basic	127	48%	135	49%	164	55%	163	62%	142	52%	162	54%
Approaching Basic	49	19%	67	25%	62	21%	50	19%	59	21%	65	22%
Unsatisfactory	13	5%	10	4%	14	5%	28	10%	32	12%	27	9%
<b>Total</b>	<b>264</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>299</b>	<b>100%</b>	<b>264</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>298</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>												
Advanced	1	0%	6	2%	9	3%	4	2%	3	1%	3	1%
Mastery	53	20%	42	15%	41	14%	42	16%	35	13%	21	7%
Basic	125	48%	120	45%	134	45%	133	50%	129	47%	168	56%
Approaching Basic	60	23%	85	31%	88	30%	66	25%	62	22%	74	24%
Unsatisfactory	25	9%	20	7%	26	8%	19	7%	44	17%	32	12%
<b>Total</b>	<b>264</b>	<b>100%</b>	<b>273</b>	<b>100%</b>	<b>298</b>	<b>100%</b>	<b>264</b>	<b>100%</b>	<b>273</b>	<b>100%</b>	<b>298</b>	<b>100%</b>

See auditor's report

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**THE GRADUATION EXIT EXAM FOR THE 21ST CENTURY**  
**FOR THE YEAR ENDED JUNE 30, 2011**

District Achievement Level Results	English Language Arts						Mathematics					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 10</b>												
Advanced	4	1%	5	2%	2	1%	56	16%	48	18%	63	20%
Mastery	56	17%	41	16%	46	15%	84	25%	56	22%	69	22%
Basic	175	51%	139	54%	194	63%	134	39%	108	42%	137	44%
Approaching Basic	73	21%	51	20%	50	16%	39	12%	27	10%	25	8%
Unsatisfactory	33	10%	21	8%	14	5%	28	8%	20	8%	15	6%
<b>Total</b>	<b>341</b>	<b>100%</b>	<b>257</b>	<b>100%</b>	<b>306</b>	<b>100%</b>	<b>341</b>	<b>100%</b>	<b>259</b>	<b>100%</b>	<b>309</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2011		2010		2009		2011		2010		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 11</b>												
Advanced	25	10%	16	6%	19	8%	2	1%	6	2%	3	1%
Mastery	52	22%	65	23%	54	22%	34	14%	46	16%	47	19%
Basic	112	47%	133	47%	122	49%	163	68%	189	67%	147	59%
Approaching Basic	39	16%	55	19%	42	17%	34	14%	30	11%	37	15%
Unsatisfactory	13	5%	14	5%	11	4%	8	3%	12	4%	14	6%
<b>Total</b>	<b>241</b>	<b>100%</b>	<b>283</b>	<b>100%</b>	<b>248</b>	<b>100%</b>	<b>241</b>	<b>100%</b>	<b>283</b>	<b>100%</b>	<b>248</b>	<b>100%</b>

See auditor's report



## CENTRAL COMMUNITY SCHOOL SYSTEM

## ILEAP TESTS

FOR THE YEAR ENDED JUNE 30 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	24	9%	25	10%	17	6%	1	0%
Mastery	63	24%	49	19%	73	28%	84	32%
Basic	116	44%	127	48%	124	47%	126	48%
Approaching Basic	43	16%	37	14%	38	14%	41	16%
Unsatisfactory	17	7%	25	9%	11	5%	11	4%
<b>Total</b>	<b>263</b>	<b>100%</b>	<b>263</b>	<b>100%</b>	<b>263</b>	<b>100%</b>	<b>263</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	8	3%	14	6%	11	4%	9	4%
Mastery	64	25%	47	19%	60	24%	59	23%
Basic	139	55%	145	57%	131	52%	141	56%
Approaching Basic	27	11%	24	9%	42	17%	30	12%
Unsatisfactory	15	6%	23	9%	8	3%	13	5%
<b>Total</b>	<b>253</b>	<b>100%</b>	<b>253</b>	<b>100%</b>	<b>252</b>	<b>100%</b>	<b>252</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	5	2%	9	4%	3	1%	10	5%
Mastery	33	15%	28	13%	39	17%	29	13%
Basic	135	61%	138	62%	118	53%	118	53%
Approaching Basic	40	18%	26	12%	49	22%	46	21%
Unsatisfactory	10	4%	22	9%	14	7%	18	8%
<b>Total</b>	<b>223</b>	<b>100%</b>	<b>223</b>	<b>100%</b>	<b>223</b>	<b>100%</b>	<b>221</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	7	3%	14	6%	7	3%	4	2%
Mastery	38	15%	41	16%	30	12%	37	15%
Basic	114	45%	103	40%	102	40%	123	48%
Approaching Basic	66	26%	61	24%	74	29%	57	22%
Unsatisfactory	29	11%	35	14%	41	16%	33	13%
<b>Total</b>	<b>254</b>	<b>100%</b>	<b>254</b>	<b>100%</b>	<b>254</b>	<b>100%</b>	<b>254</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
Students	Number	Percent	Number	Percent
<b>Grade 9</b>				
Advanced	3	1%	32	10%
Mastery	56	18%	51	16%
Basic	194	62%	161	51%
Approaching Basic	51	16%	45	14%
Unsatisfactory	9	3%	24	9%
<b>Total</b>	<b>313</b>	<b>100%</b>	<b>313</b>	<b>100%</b>

(CONTINUED)

CENTRAL COMMUNITY SCHOOL SYSTEM

ILEAP TESTS

FOR THE YEAR ENDED JUNE 30 2011

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	20	8%	13	5%	21	9%	13	5%
Mastery	95	39%	64	27%	74	31%	82	34%
Basic	113	47%	122	50%	116	48%	125	52%
Approaching Basic	7	3%	34	14%	28	11%	17	7%
Unsatisfactory	7	3%	9	4%	3	1%	5	2%
<b>Total</b>	<b>242</b>	<b>100%</b>	<b>242</b>	<b>100%</b>	<b>242</b>	<b>100%</b>	<b>242</b>	<b>100%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	10	4%	15	6%	2	1%	12	4%
Mastery	82	31%	61	23%	53	20%	39	15%
Basic	126	48%	144	54%	136	52%	150	57%
Approaching Basic	38	14%	31	12%	62	23%	43	16%
Unsatisfactory	8	3%	13	5%	11	4%	20	8%
<b>Total</b>	<b>264</b>	<b>100%</b>	<b>264</b>	<b>100%</b>	<b>264</b>	<b>100%</b>	<b>264</b>	<b>100%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	10	4%	6	2%	4	1%	20	7%
Mastery	50	18%	50	18%	53	19%	22	8%
Basic	162	58%	160	57%	161	57%	164	58%
Approaching Basic	49	17%	42	15%	49	17%	52	19%
Unsatisfactory	9	3%	22	8%	15	6%	23	8%
<b>Total</b>	<b>280</b>	<b>100%</b>	<b>280</b>	<b>100%</b>	<b>282</b>	<b>100%</b>	<b>281</b>	<b>100%</b>
District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	15	6%	25	10%	8	3%	6	3%
Mastery	40	17%	36	15%	58	24%	38	16%
Basic	119	49%	119	50%	110	46%	136	56%
Approaching Basic	47	20%	39	16%	44	18%	34	14%
Unsatisfactory	19	8%	21	9%	21	9%	27	11%
<b>Total</b>	<b>240</b>	<b>100%</b>	<b>240</b>	<b>100%</b>	<b>241</b>	<b>100%</b>	<b>241</b>	<b>100%</b>
District Achievement Level Results	English Language Arts		Mathematics					
	2010		2010					
Students	Number	Percent	Number	Percent				
<b>Grade 9</b>								
Advanced	9	3%	36	10%				
Mastery	63	18%	62	18%				
Basic	200	58%	179	52%				
Approaching Basic	63	18%	42	12%				
Unsatisfactory	11	3%	27	8%				
<b>Total</b>	<b>346</b>	<b>100%</b>	<b>346</b>	<b>100%</b>				

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**ILEAP TESTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	55	20%	43	15%	38	13%	25	9%
Mastery	95	34%	72	25%	96	34%	111	40%
Basic	119	42%	124	44%	130	46%	125	44%
Approaching Basic	12	4%	33	12%	16	6%	17	6%
Unsatisfactory	1	0%	10	4%	2	1%	4	1%
<b>Total</b>	<b>282</b>	<b>100%</b>	<b>282</b>	<b>100%</b>	<b>282</b>	<b>100%</b>	<b>282</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	23	8%	22	8%	16	6%	10	4%
Mastery	80	29%	45	17%	61	22%	64	23%
Basic	120	44%	142	52%	135	49%	149	54%
Approaching Basic	40	15%	42	15%	57	21%	34	13%
Unsatisfactory	11	4%	23	8%	5	2%	17	6%
<b>Total</b>	<b>274</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>274</b>	<b>100%</b>	<b>274</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	2011	Percent	2011	Percent	2011	Percent	2011	Percent
<b>Students</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Grade 6</b>								
Advanced	6	2%	19	6%	12	4%	22	7%
Mastery	61	20%	28	9%	58	19%	44	15%
Basic	156	52%	182	61%	157	52%	133	44%
Approaching Basic	60	20%	42	14%	63	21%	77	25%
Unsatisfactory	19	6%	31	10%	12	4%	26	9%
<b>Total</b>	<b>302</b>	<b>100%</b>	<b>302</b>	<b>100%</b>	<b>302</b>	<b>100%</b>	<b>302</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	14	5%	17	6%	7	3%	2	1%
Mastery	65	23%	40	14%	71	25%	53	18%
Basic	137	47%	163	56%	139	48%	152	53%
Approaching Basic	64	22%	48	17%	44	15%	50	17%
Unsatisfactory	8	3%	20	7%	27	9%	31	11%
<b>Total</b>	<b>288</b>	<b>100%</b>	<b>288</b>	<b>100%</b>	<b>288</b>	<b>100%</b>	<b>288</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics	
	2011		2011	
Students	Number	Percent	Number	Percent
<b>Grade 9</b>				
Advanced				
Mastery				
Basic				
Approaching Basic				
Unsatisfactory				
<b>Total</b>				

See auditor's report

## **SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessment, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes

Improving America's Schools Fund includes the following programs

#### **Title I - Grants to Local Educational Agencies**

Title I includes programs primarily in the areas of reading and math. These programs strive to meet the special needs of economically and educationally deprived children through federal funding for teachers, aids, instructional material, equipment and parental involvement

#### **Title II - Education for Economy Security Act**

The Education for Economy Security Act is a federally funded program to provide financial assistance to improve the skills of teaching and instruction in mathematics, science, computer learning, and foreign languages; and increase the access of all students to this instruction

#### **Title IV - Safe and Drug-Free Schools and Communities**

The Title IV School Program is a federally-funded program which provides drug abuse and prevention education to all students

#### **Special Education Fund - Individuals with Disabilities Education Act**

Individuals with Disabilities Education Act IDEA Part B is a federally funded program designed to assist states in providing free, appropriate education to all children with exceptionalities from 3 to 21 years of age in the least restrictive environment

#### **Other Federal Fund –**

The Other Federal Fund is used to account for all other Federal Grant funds. Those programs include the Education Jobs Fund grant, Vocational Education (Carl Perkins) grant, the Capital Area Human Resources Prevention grant, the Mathematics and Science Partnership grant, the Enhancing Education Through Technology grant, and the Temporary Assistance for Needy Families (T.A.N.F.) grant.

**School Food Service Fund -** The School Lunch Fund is a program that provides the students with balanced and nutritious meals. This program is federally financed, state-administered, and locally operated by the School System

### **DEBT SERVICE FUNDS**

The debt service funds are used to accumulate monies for the payment of bond issues. The School System has the following debt service funds

**General Obligation Bonds Fund-** The General Obligation Bonds Fund is used to accumulate ad valorem tax revenues assessed for the repayment of general obligation bonds. In addition, this fund accounts for the repayment of the general obligation principal and interest repayments.

**Sales Tax Bonds Fund -** The Sales Tax Bonds Fund is used to accumulate sales tax revenues collected for the repayment of sales tax revenue bonds. In addition, this fund accounts for the repayment of the sales tax revenue bond principal and interest repayments and for other expenses authorized by the voters within the School System

# CENTRAL COMMUNITY SCHOOL SYSTEM

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

ASSETS	SPECIAL REVENUE FUNDS				
	Improving America's Schools	Special Education	Other Federal	School Food Service	Total
Cash	\$ -	\$ -	\$ -	\$ 120,076	\$ 120,076
Receivables	468,401	254,161	570,184	5,192	1,297,938
Inventory	-	-	-	73,753	73,753
Restricted Asset					
Cash	-	-	-	-	-
Total Assets	<u>\$ 468,401</u>	<u>\$ 254,161</u>	<u>\$ 570,184</u>	<u>\$ 199,021</u>	<u>\$ 1,491,767</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Accounts, Salaries and					
Other Payables	\$ 81,755	\$ 5,876	\$ 8,112	\$ 6,758	\$ 102,501
Due to Other Funds	<u>386,646</u>	<u>248,285</u>	<u>562,072</u>	<u>-</u>	<u>1,197,003</u>
Total Liabilities	468,401	254,161	570,184	6,758	1,299,504
<b>Fund Equity:</b>					
Fund Balances -					
Nonspendable					
Inventory	-	-	-	73,753	73,753
Restricted For					
Debt Service	-	-	-	-	-
Assigned To					
School Lunch Program	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,510</u>	<u>118,510</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,263</u>	<u>192,263</u>
Total Liabilities and					
Fund Equity	<u>\$ 468,401</u>	<u>\$ 254,161</u>	<u>\$ 570,184</u>	<u>\$ 199,021</u>	<u>\$ 1,491,767</u>

See auditor's report.

## DEBT SERVICE FUNDS

General Obligation Bonds	Sales Tax Bonds	Total	Total Nonmajor Governmental Funds	
			2011	2010
\$ 1,698,300	\$ 594,298	\$ 2,292,598	\$ 2,412,674	\$ 1,462,819
37,983	334,529	372,512	1,670,450	1,167,164
-	-	-	73,753	24,009
-	2,012,990	2,012,990	2,012,990	1,295,104
<u>\$ 1,736,283</u>	<u>\$ 2,941,817</u>	<u>\$ 4,678,100</u>	<u>\$ 6,169,867</u>	<u>\$ 3,949,096</u>
\$ -	\$ -	\$ -	\$ 102,501	\$ 26,273
-	-	-	1,197,003	912,195
-	-	-	1,299,504	938,468
-	-	-	73,753	24,009
1,736,283	2,941,817	4,678,100	4,678,100	2,905,650
-	-	-	118,510	80,969
<u>1,736,283</u>	<u>2,941,817</u>	<u>4,678,100</u>	<u>4,870,363</u>	<u>3,010,628</u>
<u>\$ 1,736,283</u>	<u>\$ 2,941,817</u>	<u>\$ 4,678,100</u>	<u>\$ 6,169,867</u>	<u>\$ 3,949,096</u>

# CENTRAL COMMUNITY SCHOOL SYSTEM

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

#### SPECIAL REVENUE FUNDS

	Improving America's Schools	Special Education	Other Federal	School Food Service	Total
<b>Revenues:</b>					
Local Sources					
Taxes					
Ad Valorem	\$ -	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-	-
Interest Earnings	-	-	-	-	-
Food Services	-	-	-	713,238	713,238
State Sources					
Unrestricted Grants in Aid	-	-	-	425,000	425,000
Federal Sources					
Unrestricted - Indirect					
Cost Recoveries	107,697	68,436	9,868	-	186,001
Restricted Grants-in-Aid					
- Subgrants	1,613,491	967,280	1,452,183	1,015,387	5,048,341
Other-Commodities	-	-	-	105,692	105,692
Total Revenues	1,721,188	1,035,716	1,462,051	2,259,317	6,478,272
<b>Expenditures:</b>					
Instruction					
Regular Programs	-	-	719,525	-	719,525
Special Education Programs	-	772,978	202,422	-	975,400
Vocational Programs	-	-	56,739	-	56,739
Special Programs	1,359,387	-	463,692	-	1,823,079
Support Services					
Pupil Support	-	131,240	1,405	-	132,645
Instructional Staff Support	248,302	63,062	-	-	311,364
General Administration	-	-	-	-	-
School Administration	4,101	-	8,400	-	12,501
Business Services	1,701	-	-	-	1,701
Plant Services	-	-	-	2,515	2,515
Food Services	-	-	-	2,152,017	2,152,017
Capital Outlay	-	-	-	17,500	17,500
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Bank Charges	-	-	-	-	-
Total Expenditures	1,613,491	967,280	1,452,183	2,172,032	6,204,986

(CONTINUED)



## Schedule 11

DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds	
General Obligation Bonds	Sales Tax Bonds	Total	2011	2010
\$ 2,426,643	\$ -	\$ 2,426,643	\$ 2,426,643	\$ 919,062
-	1,343,244	1,343,244	1,343,244	1,353,953
10,519	16,478	26,997	26,997	12,713
-	-	-	713,238	666,601
-	-	-	425,000	425,000
-	-	-	186,001	223,084
-	-	-	5,048,341	5,130,335
-	-	-	105,692	69,372
2,437,162	1,359,722	3,796,884	10,275,156	8,800,120
-	-	-	719,525	772,830
-	-	-	975,400	777,323
-	-	-	56,739	25,168
-	-	-	1,823,079	1,849,578
-	-	-	132,645	298,101
-	-	-	311,364	398,670
73,013	14,698	87,711	87,711	42,290
-	-	-	12,501	2,944
-	-	-	1,701	998
-	-	-	2,515	6,650
-	-	-	2,152,017	1,948,113
-	-	-	17,500	82,250
-	485,000	485,000	485,000	-
1,254,128	904,564	2,158,692	2,158,692	627,915
1,327,141	1,404,262	2,731,403	8,936,389	6,832,830

# CENTRAL COMMUNITY SCHOOL SYSTEM

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>Improving America's Schools</u>	<u>Special Education</u>	<u>Other Federal</u>	<u>School Food Service</u>	<u>Total</u>
Excess (Deficiency) of Revenues Over Expenditures	107,697	68,436	9,868	87,285	273,286
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	-	-	-	-
Transfers Out	<u>(107,697)</u>	<u>(68,436)</u>	<u>(9,868)</u>	<u>-</u>	<u>(186,001)</u>
Total Other Financing Sources (Uses)	<u>(107,697)</u>	<u>(68,436)</u>	<u>(9,868)</u>	<u>-</u>	<u>(186,001)</u>
Excess (Deficiency) of Expenditures and Other Uses Over Revenues and Other Sources	-	-	-	87,285	87,285
<b>Fund Balances (Deficit) at Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,978</u>	<u>104,978</u>
<b>Fund Balances at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 192,263</u></u>	<u><u>\$ 192,263</u></u>

See auditor's report

Schedule 11  
(Continued)

DEBT SERVICE FUNDS			Total Nonmajor Governmental Funds	
General Obligation Bonds	Sales Tax Bonds	Total	2011	2010
1,110,021	(44,540)	1,065,481	1,338,767	1,967,290
-	706,969	706,969	706,969	1,290,127
-	-	-	(186,001)	(223,084)
-	706,969	706,969	520,968	1,067,043
1,110,021	662,429	1,772,450	1,859,735	3,034,333
626,262	2,279,388	2,905,650	3,010,628	(23,705)
<u>\$ 1,736,283</u>	<u>\$ 2,941,817</u>	<u>\$ 4,678,100</u>	<u>\$ 4,870,363</u>	<u>\$ 3,010,628</u>

## CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - IMPROVING AMERICA'S  
SCHOOLS ACTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance with Budget
<b>Revenues:</b>			
Federal Sources			
Federal Grants	\$ 2,049,210	\$ 1,721,188	\$ (328,022)
Total Revenues	2,049,210	1,721,188	(328,022)
<b>Expenditures:</b>			
Instruction			
Special Programs	1,656,915	1,359,387	297,528
Support Service:			
Instructional Staff Support	251,781	248,302	3,479
School Administration	4,600	4,101	499
Business Services	500	1,701	(1,201)
Total Expenditures	1,913,796	1,613,491	300,305
Excess of Revenues Over Expenditures	135,414	107,697	(27,717)
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(135,420)	(107,697)	27,723
Total Other Financing Sources (Uses)	(135,420)	(107,697)	27,723
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(6)	-	6
<b>Fund Balance at Beginning of Year</b>	-	-	-
<b>Fund Balance (Deficit) at End of Year</b>	\$ (6)	\$ -	\$ 6

See auditor's report

## CENTRAL COMMUNITY SCHOOL SYSTEM

SPECIAL REVENUE FUND - PUBLIC LAW 94-142 -  
SPECIAL EDUCATIONSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance with Budget
<b>Revenues:</b>			
Federal Sources:			
Federal Grants	\$ 1,445,489	\$ 1,035,716	\$ (409,773)
Total Revenues	1,445,489	1,035,716	(409,773)
<b>Expenditures:</b>			
Instruction			
Special Education Programs	1,141,733	772,978	368,755
Support Services			
Pupil Support Services	140,065	131,240	8,825
Instructional Staff Support	76,499	63,062	13,437
Total Expenditures	1,358,297	967,280	391,017
Excess of Revenues	-	-	-
Over Expenditures	87,192	68,436	(18,756)
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(87,193)	(68,436)	18,757
Total Other Financing Sources (Uses)	(87,193)	(68,436)	18,757
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(1)	-	1
<b>Fund Balance at Beginning of Year</b>	-	-	-
<b>Fund Balance at End of Year</b>	\$ (1)	\$ -	\$ 1

See auditor's report

## CENTRAL COMMUNITY SCHOOL SYSTEM

## SPECIAL REVENUE FUND - FEDERAL GRANT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	Original and Final Budget	Actual	Variance with Budget
<b>Revenues:</b>			
Federal Sources			
Federal Grants	\$ 644,112	\$ 1,462,051	\$ 817,939
Total Revenues	644,112	1,462,051	817,939
<b>Expenditures:</b>			
Instruction			
Regular Programs	209,973	719,525	(509,552)
Special Education Programs	-	202,422	(202,422)
Vocational Programs	41,033	56,739	(15,706)
Special Programs	378,748	463,692	(84,944)
Support Services			
Pupil Support	-	1,405	(1,405)
School Administration	-	8,400	(8,400)
Total Expenditures	629,754	1,452,183	(822,429)
Excess of Revenues Over Expenditures	14,358	9,868	(4,490)
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(14,357)	(9,868)	4,489
Total Other Financing Sources (Uses)	(14,357)	(9,868)	4,489
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	1	-	(1)
<b>Fund Balance at Beginning of Year</b>	-	-	-
<b>Fund Balance (Deficit) at End of Year</b>	\$ 1	\$ -	\$ (1)

See auditor's report

## CENTRAL COMMUNITY SCHOOL SYSTEM

## SCHOOL FOOD SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Budget
<b>Revenues:</b>				
Local Sources.				
Food Services	\$ 693,000	\$ 711,300	\$ 713,238	\$ 1,938
State Sources				
Unrestricted Grants in Aid	425,000	425,000	425,000	-
Federal Sources				
Federal Grants	936,006	1,010,150	1,015,387	5,237
Other-Commodities	-	-	105,692	105,692
Total Revenues	2,054,006	2,146,450	2,259,317	112,867
<b>Expenditures:</b>				
Support Service				
Plant Services	2,200	2,850	2,515	335
Food Services	2,028,806	2,094,291	2,152,017	(57,726)
Capital Outlay	23,000	21,260	17,500	3,760
Total Expenditures	2,054,006	2,118,401	2,172,032	(53,631)
Excess of Revenues Over Expenditures	-	28,049	87,285	59,236
Fund Balance at Beginning of Year	104,978	104,978	104,978	-
Fund Balance at End of Year	\$ 104,978	\$ 133,027	\$ 192,263	\$ 59,236

See auditor's report

## **FIDUCIARY FUND**

**School Activity Fund - The School Activity Fund accounts for monies generated by the individual schools and school organizations within the system. While the school activity accounts are under the supervision of the School System's Board, they belong to the individual schools or their student bodies and are not available for use by the School System.**



## CENTRAL COMMUNITY SCHOOL SYSTEM

## FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2010)

	School Activity	
	2011	2010
<b>ASSETS</b>		
Cash	\$ 647,750	\$ 522,202
Total Assets	\$ 647,750	\$ 522,202
<b>LIABILITIES</b>		
Amounts Held for School Activities	\$ 647,750	\$ 522,202
Total Liabilities	\$ 647,750	\$ 522,202

See auditor's report

## CENTRAL COMMUNITY SCHOOL SYSTEM

## SCHOOL ACTIVITY FUND

SCHEDULE OF CHANGES IN AMOUNTS HELD FOR SCHOOL ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

<u>School</u>	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Bellingrath Hills School	\$ 12,110	\$ 221,438	\$ 188,185	\$ 45,363
Tanglewood Elementary	67,290	205,011	147,554	124,747
Central Intermediate	48,841	149,838	143,295	55,384
Central Middle School	47,510	205,215	209,020	43,705
Central High School	346,451	787,393	755,293	378,551
Total	<u>\$ 522,202</u>	<u>\$ 1,568,895</u>	<u>\$ 1,443,347</u>	<u>\$ 647,750</u>

See auditor's report

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Dr. James W. Gardner, President	\$ -
Willard Easley, Vice President	-
Sharon Browning	-
Dr. David Walker	-
Ruby Foil	-
Jim Lloyd	-
Roxanne Atkinson	-
Total	<u>\$ -</u>

Term of Current Board Expires December 31, 2014

See auditor's report

## CENTRAL COMMUNITY SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b><u>Federal Grants</u></b>			
<b><u>United States Department of Agriculture</u></b>			
Passed Through Louisiana Department of Agriculture and Forestry - Food Distribution Program	10.550	N/A	\$ 105,692
Passed Through Louisiana Department of Education:			
National Breakfast Program [1]	10.553	N/A	203,562
National School Lunch Program [1]	10.555	N/A	<u>803,075</u>
Total United States Department of Agriculture			1,112,329
<b><u>United States Department of Education</u></b>			
Passed Through Louisiana Department of Education:			
Title I - Grants to Local Educational Agencies [2]	84.010	N/A	1,445,544
Title II – Teacher and Principal Training and Recruiting	84.367A	N/A	257,337
Title IV – Safe and Drug-Free Schools and Communities	84 186A	N/A	3,377
Other NCLB Programs	84.365A	N/A	10,400
Individuals with Disabilities Educational Act			
Special Education IDEA [3]	84.027A	N/A	589,970
IDEA – Preschool [3]	84.173A	N/A	225
Vocational Education – (Carl Perkins)	84 048A	N/A	47,576
Mathematics and Science Partnership	84.366B	N/A	178,054
Enhancing Education Through Technology	84 318X	N/A	5,053
Advanced Placement Test Fee Program Grant	84.330	N/A	392
Education Jobs Fund	84 410A	N/A	<u>756,141</u>
Total United States Department of Education			3,294,069

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b><u>United States Department of Health and Human Services</u></b>			
Passed Through Louisiana Department of Health and Hospitals			
Capital Area Human Resources Prevention Grant	93 959	N/A	16,880
Passed Through Louisiana Department of Education			
The Cecil J. Picard LA 4 Early Childhood Program - Temporary Assistance for Needy Families (T.A.N.F.) [4]	93.558	N/A	<u>458,347</u>
Total United States Department of Health and Human Services			475,227
<b><u>United States Department of Defense</u></b>			
Reserve Officers' Training Corps	None	N/A	<u>49,967</u>
Total United States Department of Defense			<u>49,967</u>
Total Federal Grants			<u>4,931,592</u>
<b><u>American Recovery and Reinvestment Act</u></b>			
<b><u>United States Department of Agriculture</u></b>			
Passed Through Louisiana Department of Education			
Child Nutrition Discretionary Grants Limited Availability	10 579	N/A	<u>8,750</u>
Total United States Department of Agriculture			8,750

(CONTINUED)

**CENTRAL COMMUNITY SCHOOL SYSTEM**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass - Through Grantor/ Program Name</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Education</u>			
Passed Through Louisiana Department of Education			
Individuals with Disabilities Educational Act			
Special Education Part B [3]	84.391A	N/A	419,331
IDEA – Preschool [3]	84.392A	N/A	26,190
Title I - Grants to Local Educational Agencies [2]	84.398A	N/A	<u>4,530</u>
Total United States Department of Education			<u>450,051</u>
Total American Recovery and Reinvestment Act (ARRA)			<u>458,801</u>
Total Expenditures of Federal Awards			<u>\$ 5,390,393</u>

- [1] Child Nutrition Cluster
- [2] Title I, Part A Cluster
- [3] Special Education Cluster (IDEA)
- [4] TANF Cluster

See accompanying notes to the Schedule of Expenditures of Federal Awards.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2011

**Note A - Significant Accounting Policies -**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Central Community School System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Note B - Food Distribution Program -**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2011, the Central Community School System had food commodities totaling \$73,753 in inventory.

**Note C - Subrecipients -**

Of the federal awards presented in the schedule, the Central Community School System provided federal awards to a subrecipient as follows:

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Title I - Grants to Local Educational Agencies	84 010	\$ 9,837
Title II – Teacher and Principal Training and Recruiting	84 367A	\$ 851
Mathematics and Science Partnership	84.366B	\$ 321

See auditor's report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS



2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone 225 928 4770 • Fax 225 926 0945  
www.htbcpa.com

February 28, 2012

To the Members of the Board of the  
Central Community School System  
Central, Louisiana

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparison statement of the general fund, the fiduciary fund statement and the aggregate remaining fund information of the Central Community School System, Central, Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Central Community School System's basic financial statements, and have issued our report thereon dated February 28, 2012. We have also audited the financial statements of each of the School System's nonmajor governmental funds combining statements, each special revenue funds budgetary comparison statements and the fiduciary fund statements as of and for the year ended June 30, 2011 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-02, 2011-04, 2011-05, and 2011-07 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies as items 2011-03 and 2011-06.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as items 2011-8 through 2011-11.

We noted certain matters that we reported to management of the School Board in a separate letter dated February 28, 2012.

The School System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School System's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannia J. Bourgeois, CPA*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone 225 928 4770 • Fax 225 926 0945  
www.htbcpa.com

February 28, 2012

To the Members of the Board of the  
Central Community School System  
Central, Louisiana

Compliance

We have audited Central Community School System's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Central Community School System's major federal programs for the year ended June 30, 2011. Central Community School System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Central Community School System's management. Our responsibility is to express an opinion on Central Community School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School System's compliance with those requirements.

In our opinion, the Central Community School System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-10 and 2011-11

## Internal Control Over Compliance

Management of the Central Community School System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Central Community School System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

*A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.*

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-10 and 2011-11. *A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*

The School System's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School System's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, the Office of the Legislative Auditor, State of Louisiana, Louisiana Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu L. Bougeois, CPA*

# CENTRAL COMMUNITY SCHOOL SYSTEM

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

A As required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the following is a summary of the results of our audit

### Financial Statements

Type of auditor's report issued. unqualified

Internal control over financial reporting:

• Material weaknesses identified?	x	Yes	_____	No
• Significant deficiencies identified?	x	Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	x	No

### Federal Awards

Internal control over major programs:

• Material weaknesses identified?	_____	Yes	x	No
• Significant deficiencies identified?	x	Yes	_____	None Reported

Type of auditor's report issued on compliance for major programs. unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	x	Yes	_____	No
--	---	-----	-------	----

Federal Grantor/  
Pass - Through Grantor/  
Program Name

CFDA  
Number

### United States Department of Education

Passed Through Louisiana Department  
of Education:

Food Distribution Program	10.550
National Breakfast Program [1]	10.553
National School Lunch Program [1]	10.555
Special Education IDEA [2]	84.027A
IDEA- Preschool [2]	84.173A
American Recovery and Reinvestment Act- IDEA Part B- Special Education [2]	84.391A
American Recovery and Reinvestment Act- IDEA Preschool [2]	84.392A
Education Jobs Fund	84.410A
The Cecil J. Picard LA 4 Early Childhood Program- Temporary Assistance for Needy Families (TANF) [3]	93.558

- The threshold for distinguishing Types A and B programs was \$300,000
- The School Board was determined to be a low-risk auditee.

[1] Child Nutrition Cluster  
[2] Special Education Cluster  
[3] TANF Cluster

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **B Findings - Internal Control Over Financial Reporting**

##### **Finding 2011-01 Lack of Preparation of Reconciliations and Review Thereof**

###### **Criteria**

Timely reconciliations of general ledger balances with supporting schedules is necessary to determine if all accounting transactions are properly recorded and balances are accurate to ensure that balances reported on the financial statements are correct

###### **Condition**

During the prior two annual audits and in the current year audit, we noted an overall lack of preparation of timely reconciliations of the various accounts comprising many of the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accounts payable, revenues, and expenditures. We provided assistance with various accounting adjustments to correct account balances of the original trial balance provided to us to begin our audit.

The following net adjustments were required to the original trial balance provided to us for audit that resulted from the School System not having timely and accurate reconciliations across all funds:

- Cash and Cash Equivalents was decreased by net adjustments of \$225,393
- Receivables was increased by net adjustments of \$81,460
- Payables was increased by net adjustments of \$2,134,876
- Inventory was increased by net adjustments of \$49,744
- Revenues was increased by net adjustments of \$207,153
- Expenditures excluding Capital Outlay was decreased by net adjustments of \$288,621
- Capital Outlay expenditures was increased by net adjustments of \$2,704,397
- Other Financing Sources (Uses) was decreased by net adjustments of \$7,913

As identified above, the largest adjustments were in accounts payable and capital outlay expenditures. These adjustments resulted mainly from the School System not having an adequate method of tracking the accounting transaction related to the costs or schedule to support the costs associated with all the construction projects ongoing within the System. In addition, other adjustments to capital outlay resulted in reclassification of costs recorded as capital outlay that did not meet the threshold of \$5,000

## CENTRAL COMMUNITY SCHOOL SYSTEM

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

Other matters related to lack of proper reconciliations are also reported as findings 2011-05, 2011-06 and 2011-07 below.

#### Effect.

The lack of timely and accurate reconciliations resulted in significant delays in completing the current year audit and management's ability to properly monitor the financial condition of the School System's finances. Also, there is a likelihood that an error or omission may occur in the financial statements as a result of not reconciling the accounting records timely

#### Recommendation.

We again recommend that formal reconciliations be prepared on all of the various accounts that comprise the major accounting cycles of the System's various funds and make all necessary adjustments prior to the start of the audit. These reconciliations should be done on at least a monthly basis. A formal reconciliation form or checklist should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the finance director. Any unreconciled outages should be investigated and resolved accordingly. It is imperative that these reconciliations be done on a timely basis. By implementing these procedures, the overall accuracy and timeliness of financial reporting will be vastly improved as well as timely financial reporting to the Board to assist them in monitoring of the budget. In addition, we recommend that formal policies and procedures over the accounting cycles and year end accounting close be developed so that proper reconciliations are available for audit.

#### Management's Response:

Central Community School System experienced a change in management during the 2010-2011 fiscal year. The grant accountant was moved to Interim Director of Finance to finish the year, making the Business Department one position short. These changes created a lack of staffing and a learning curve as well. Any changes the past Director of Finance had intended to be put in place were not translated during the transition. The Interim Director of Finance was made permanent at the beginning of the 2011-2012 Fiscal year and the processes of the business office are being evaluated for effectiveness. This audit process has shown current management changes that need to be made and those changes are currently being reviewed. Additionally, we have hired temporary help to assist in getting reconciliations done.

#### Finding 2011-02 Segregation of Duties:

##### Criteria:

Duties and responsibilities within the various accounting cycles should be segregated amongst the various accounting personnel to minimize any opportunity for errors, irregularities or improprieties within the accounting functions. The basic premise is that no one individual should have access to all phases of a transaction.



**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

**Condition**

During the current year audit, we noted several functions within the various accounting cycles where improvements in internal controls procedures appear to be necessary. The finance director records cash receipts, prepares and records accounting adjustments, prepares the checks for payment of invoices, and receives and reconciles the bank statement without any other manager approval. The payroll clerk sets up new employees into the payroll system, modifies employee settings in the payroll records for changes in deductions and salary adjustments, reconciles all payroll liability accounts on the general ledger, and processes the entire payroll from input to cash disbursement by sending a file to the bank to release the payroll by direct deposit. The accounts payable clerk enters new vendors into the accounting system after receiving an IRS form W-9 without review and approval by management.

**Effect**

A lack of properly designed internal controls including segregation of duties could result in errors, irregularities or improprieties occurring and not being detected.

**Recommendation.**

Internal controls should be designed to safeguard assets and help or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. This lack of segregation of duties increases the risk that an error or irregularity could occur and go undetected. Although the size of the School System's accounting staff prohibits complete adherence to this concept, we believe that the following practices could be implemented to improve existing internal control without impairing efficiency:

- Bank statements, canceled checks, and appropriate advices should be received by someone other than employees maintaining cash records. Such items should be reviewed monthly and initialed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Bank reconciliations should be prepared by someone not responsible for entries in the receipts and disbursements records. Inasmuch as this is difficult because of the small size of the accounting staff, we recommend that test reconciliations be made from time to time by management that is separate from the accounting function. In addition, a manager separate from accounting should review, approve, and sign the bank reconciliation each month.
- Accounting adjustments or journal entries should be approved by an employee other than the one who prepared the entry. Management should approve the adjustment that is entered into the accounting system. In addition, the documentation for the adjustment should contain an explanation or a description of the reason for the adjustment including the account numbers, account descriptions and amounts.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

- The manager that maintains the check signing key for the check printer should review the printed checks and maintain a log of the beginning and ending check numbers printed and make sure the quantity of checks printed matches. In addition, the checks should be reviewed to determine the checks printed matches the report provided to the manager that maintains the check signing key.
- Signed checks should be mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management independent of the accounting functions should review the disbursements listing with supporting documents and determine the appropriateness of expenditure and assuring compliance with the System's policy for all disbursements.
- During payroll processing prior to generation of direct deposits, there should be a documented review and approval process of the payroll. In addition, the releasing of the wire transfer direct deposit file to the employee's bank accounts should be completed as part of an approval process agreeing total number of files and net deposit to the approved payroll. Also, the wires related to payroll tax liabilities should have an approval process.

We recommend that the School System make the following analysis for each accounting function to determine that segregation of duties exists:

- Make a list of management personnel and the accounting duties which they perform
- Isolate any incompatible accounting functions that are the responsibility of one employee
- Reassign responsibility for these duties, if practical, or create a supervisory review of these functions

#### **Management's Response:**

Central Community School System's management is currently reviewing the recommendations. A few of the recommendations have already been implemented, the remainder is being considered. If any are not possible with our current staffing, we will try to accommodate in another fashion.

#### **Finding 2011-03 Timely Recording of Cash Deposits in the General Ledger:**

##### **Criteria**

Accounting transactions should be recorded in the general ledger as soon as the transaction occurs for proper financial reporting and for monitoring of account balances and resources available.

##### **Condition**

During the current year audit, we noted that deposits are being made into the bank account during the month but the transaction is recorded into the general ledger later in the month or during the reconciliation process for cash.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **Recommendation:**

We recommend that all accounting transactions be recorded in the general ledger at the time the transaction occurs. This is necessary for the general ledger to properly reflect the proper financial conditions of the School System each day and the amount of resources available for operations.

#### **Management's Response:**

Central Community School System's management is in the process of reviewing job duties to possibly rearrange workloads so that journal entries recording cash receipts may be entered in a timely manner.

#### **Finding 2011-04 Documentation for Journal Entries and Financial Statement Closing Process**

##### **Criteria:**

Journal entries used to record adjustments for year-end accruals for financial statement preparation and for adjustments recorded in the general ledger throughout the year should include all supporting documentation, contain all general ledger accounts to balance the entry within each fund, include an explanation as to why the adjustment is being recorded. Also, the adjustment should be signed by the person preparing the entry, the person approving the entry, and the person recording the entry to provide an audit trail of the authorization process and reflect compliance with internal control policies.

The financial statement closing process can be more efficient if a checklist is prepared of all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area and deadlines for completion.

##### **Condition**

During the current year audit, we noted the School System's accounting division did not have a formal procedure or system in place to track or approve journal entries in the accounting records. We noted a record of each journal entry is printed after the entry is recorded in the accounting system but there was no indication of the reason for the entry, who proposed the entry, who reviewed the entry, and who authorized the entry to be recorded. In addition, a journal entry log or register was not available.

Also, during the current year audit, we noted an adjustment was recorded to correct the beginning of the year accrued workers compensation liability balance by allocating the adjustment of approximately \$50,000 to the various workers compensation expense accounts and increasing the expenditure throughout the accounting system. We also noted that an adjustment was made to the

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

accounts payable beginning of the year balance of approximately \$50,000 by reducing the general fund instructional support materials and supplies balance by \$50,000. The correct entry should have been between the two liability accounts or an increase in the workers compensation liability and a decrease of the accounts payable liability by approximately \$50,000. Instead, the incorrect entry resulted in an overstatement of workers compensation expenditures of approximately \$50,000 and an understatement of materials and supplies expenditures of approximately \$50,000.

Further, during the current year audit, we noted the School System did not have a formal financial closing process procedure developed. The lack of this procedure and assignments of responsibility for each area of the financial statement closing process contributed to the School System being unable to complete its audited financial statement within six months after the close of the fiscal year which is required by law.

#### **Effect**

Journal entries lacking the necessary documentation, descriptions and approvals makes it difficult to determine the reason for the entry and if management properly reviewed the entry prior to recording the entry into the accounting system. In addition, the lack of proper documentation and approvals resulted in an incorrect entry being recorded between the liability accounts and expense accounts as described above.

#### **Recommendation**

We recommend for the School System to develop a procedure for processing journal entries in the accounting records. The procedure should include a form that lists the reason for the entry, the accounts affected, adjusted balances, the person who prepared the entry, a supervisor approval and the person who recorded the entry. In addition, we recommend for the School System to require each journal entry to be tracked in a log book, or register, indicating the date, the entry number, and the reason for the adjustment. Journal entries should be limited to adjusting account balances to the accrual basis of accounting which is done for financial statement preparation.

We also recommend for the School System to develop a formal financial statement closing process that contains a checklist prepared for all the areas where reconciliations and adjustments are necessary including a list of individuals who are responsible for each area and deadlines for completion.

#### **Management's Response**

Central Community School System already has journal entry forms and a journal log; however, previous management did not use the journal entry form. Current management is using the form and is reviewing the recommendations for further processes we may need to implement.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **Finding 2011-05 Bank Reconciliations**

##### **Criteria:**

Bank account reconciliations should be performed timely and include documentation to support the reconciling items such as a listing of outstanding checks and outstanding deposits. The bank balance on the bank statements needs to be reconciled to the general ledger balance. State law at LSA RS 10:4-406(d)(2) allows thirty days after a bank statement is mailed for a bank customer to dispute transactions and be brought to the bank's attention for resolution.

##### **Condition.**

During our current year audit and in our prior year audit, we noted the operating cash account was not being reconciled timely and in many cases several months were reconciled at once. We noted that management was able to reconcile the bank account balance to the general ledger for the month of June 2011, however, the listing of outstanding checks total did not agree with the balance used on the bank reconciliation.

In addition, in the current year we noted that due to the lack of timely bank reconciliations being performed, unauthorized withdrawals by the bank occurred from the operating cash accounts during the months of March 2011 through August 2011. Approximately \$3,500 was withdrawn from the System's account in error. Once these months were reconciled, management discovered the unauthorized withdrawals and was able to get the System's bank to reimburse these transactions.

##### **Effect.**

Failing to complete timely reconciliations on the System's bank accounts resulted in several unauthorized withdrawals on the accounts going unnoticed for several months. In addition, accounting information provided by management may not be accurate without a timely reconciliation. Further, management may not have all the necessary accurate information to properly manage its resources.

##### **Recommendation**

Monthly preparation of bank reconciliations in a timely manner and a review thereof by the Director of Finance play a crucial role in ensuring the accuracy of the monthly financial statements and detection of unauthorized transactions. It is imperative that all cash accounts be reconciled not only to the bank balance but also to the general ledger balances. It is imperative that these reconciliations and corresponding review thereof be done on a timely basis at the end of each month. This review should also focus on any unusual or stale items which include items outstanding for a long period of time. Any such items should be investigated and fully resolved.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **Management's Response:**

Central Community School System's management is currently working on resolving the timeliness of bank reconciliations. We are evaluating the distribution of job duties to ensure effectiveness, timeliness and segregation of duties. Additionally, we have hired temporary help to assist in reconciliations.

#### **Finding 2011 - 06 Schedule of School Activity Account Balances Missing a Savings Account**

##### **Criteria:**

Schedules prepared by management and provided for audit should include all balances for accurate financial statement reporting.

##### **Condition:**

During the current year audit, the schedule of cash balances held in each school's activity funds did not include a savings account held by the High School. Our audit procedures indicated the account was missing from the listing. We added the balance in the account to the final listing that is reported in the financial statements.

##### **Effect:**

Information or balances left off of schedules provided for audit could result in the amount not being noticed and financial information reported incorrectly.

##### **Recommendation**

The cash balances included on the schedule of activity funds held at each school should be reviewed and approved by management. An analysis should be performed to compare the balances on the current year schedule with the balances on the prior year schedule to determine if all account balances are included.

#### **Management's Response:**

Central Community School System's management is reviewing the recommendations and will make adjustments to our year end process.

## CENTRAL COMMUNITY SCHOOL SYSTEM

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

#### Finding 2011 - 07 Capital Outlay and Depreciation Schedule Reconciliations

##### Criteria:

During the current year, the School System had several construction projects that included new schools and renovations to existing facilities. As a project is completed, the total costs of the project needs to be capitalized and added to the depreciation schedule. One way to track the total commitment and costs of a project is to maintain a worksheet that includes the approved contract for construction and engineering and also include the actual costs incurred for construction, engineering and other costs. These worksheets, if completed, can facilitate the audit process as all transactions related to a particular project are included in one schedule.

In addition, the School System should maintain a detailed schedule of capital assets and accumulated depreciation and that schedule should include all assets that meet the capitalization policy. All capital outlay expenses should be reconciled to the current year additions to the schedule.

##### Condition

During the current year audit, the construction worksheets for each project that management provided were not complete and were missing transactions related to a particular project. In addition, the information did not agree with the general ledger balances and the contract commitments information was incomplete. Management's lack of being able to provide us with updated and complete and accurate information on construction activity by project made it difficult to audit the status of each project and trace completed project costs being capitalized to the depreciation schedules. We assisted management with the completion of the construction worksheets to determine the value of the projects to capitalize and to also determine the value of the projects that remain incomplete and the contract commitments related to those projects.

In addition, during the current year audit, management was not able to provide us with an updated depreciation schedule and a reconciliation of capital outlay expense accounts that reconciled with the capital outlay additions. We noted that management recorded expenditures to the capital outlay accounts that were not within the School System's capitalization policy of at least \$5,000 per item purchased. Several adjustments were required to the capital outlay accounts to correct the account balances for expenditures included in capital outlay expense in error. We also had to assist management with the completion of the depreciation schedules after the required adjustments were recorded.

Further, during the current year audit, management provided us with documentation of an expenditure for \$200,000 that was a payment to a local electric utility company for a cooperative endeavor agreement for the installation and use of an electric generator to provide electrical service to the high school in the event of a power outage. This cooperative endeavor was for a period of fifteen

## CENTRAL COMMUNITY SCHOOL SYSTEM

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

years This \$200,000 expenditure was budgeted in the Capital Projects Fund. We noted that \$100,000 of the \$200,000 was recorded as capital outlay expenditure in the capital projects fund while the other \$100,000 was recorded as utility expense in the general fund in error. We recorded an adjustment to correct the accounting error and the \$200,000 is included as capital outlay expenditure in these financial statements

#### Effect.

Management was not able to provide updated schedules for audit that included all transactions by project that was reconciled to the general ledger. In addition, management was not able to provide update depreciation schedules and a reconciliation of current year capital outlay expenses that agreed with the additions to the depreciation schedules for the audit.

#### Recommendation.

We recommend for management to update each capital project schedule and reconcile the schedules to the general ledger monthly. In addition, we recommend for management to update the capital assets depreciation schedule and reconcile that schedule with the capital outlay expenditures and have these schedules available for audit

#### Management's Response

Central Community School System's management has taken the recommendations into consideration and is currently working on implementing monthly reconciliation procedures.

### C Findings - Compliance and Other Matters

#### Finding 2011 - 08 Failure to Complete Audit Report Within Six Months of the Close of the Fiscal Year (LSA-R.S. 24:513(5)(a))

#### Criteria

Louisiana Revised Statute 24:513(5)(a) requires the School System to complete its financial statement and file the audited financial statement with the Louisiana Legislative Auditor's Office within six months after the end of its fiscal year. The Central Community School System's fiscal year end is June 30, 2011 so the audited financial statement was required to be filed by December 31, 2011



**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

**Condition**

During the current year, due to the previous Director of Finance resigning in March 2011, numerous audit adjustments necessary to correct the accounting records as a result of delays in completing reconciliations, and corrections necessary to schedules provided to us for audit, the School System failed to comply with the above revised statute regarding timely completion of their audit report. The current audit was not completed and submitted to the Legislative Auditor until February 2012. State law requires the audited financial statements to be completed within six months of the close of the fiscal year end or by December 31 for the School System.

**Effect.**

The financial statements and audit were not able to be completed and was not filed on time due to management not having an adequate procedure for the timely closing of the accounting records for the year. This produced several of the findings described above, and management was not able to comply with the state law.

**Recommendation**

We recommend that all future reports be submitted timely as required by the revised statute mentioned above. In addition, we recommend for the School System's financial staff get the financial records in order, reconciled timely, and properly adjusted so that the audit can be completed timely and submitted to the Legislative Auditor's Office prior to December 31st each year.

**Management's Response:**

Central Community School System's management agrees with the recommendations and is currently reviewing current staff workload to see if duties may be reassigned and completed timely. Additionally, if management is still having timeliness issues we will ask the Human Resources Committee to consider creating another position in the Business Office.

**Finding 2011- 09 Failure to Amend Budget and the Budget Adoption Process**

**Criteria:**

The School System is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R.S. 39:1301 through 39:1315 and the requirements of LSA R.S. 17:88.

# CENTRAL COMMUNITY SCHOOL SYSTEM

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

### Condition

State Law (LSA-R S 39:1310) requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. Management provided us with a schedule that included account balances that listed amended budget balance figures. We reviewed the minutes of the board meetings and did not see where the budget for the special revenue funds or the State Grant fund, which is a component of the general fund, had been adopted by the board. Since there was no evidence the Board adopted the amended budget, the budget balances reported in the financial statements reflect the original budget adopted in August 2010 for the special revenue funds and the State Grant Fund. Due to failing to properly adopt the amended budget, the Central Community School System had a difference of more than 5% between budgeted and actual revenues and expenditures in the following funds:

<u>Fund Name</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percentage Unfavorable Variance</u>
Improving America's Schools Act Fund - Revenues	<u>\$2,049,210</u>	<u>\$1,721,188</u>	<u>\$ (328,022)</u>	<u>(16.01)%</u>
Public Law 94-142 - Special Education Fund - Revenues	<u>\$1,445,489</u>	<u>\$1,035,716</u>	<u>\$ (409,773)</u>	<u>(28.35)%</u>
Federal Grant Fund - Expenditures	<u>\$ 629,754</u>	<u>\$1,452,183</u>	<u>\$ (822,429)</u>	<u>(130.60)%</u>

In addition to the unfavorable budget variances above, we noted the following additional deficiencies with the School System budget adoption process:

- LSA R.S. 39:1305 (C)(1) requires the superintendent include a budget message with the proposed or amended budget that includes a summary description of the proposed financial plan, policies and objectives, assumptions, budgetary basis and a discussion of the most important features. The budgetary information provided to us only included a cover letter addressed to the board indicating the budget was attached and requesting the board to consider taking action.
- LSA R.S. 39:1305 also requires certain information and presentation of the budget information. The budget schedules provided to us did not have all of the required information. The information required by state law is as follows:
  - Clearly presented side-by-side detailed comparison of information for the current year, including fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year,

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

- Estimated and actual revenues itemized by source,
- Year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character,
- Other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; and
- The percentage change for each item of information
- LSA R S. 39:1306(A)(1) and R S 17:88(A) require the budget to be completed and made available for public inspection at least 10 days prior to the date for budget adoption by the School Board. A notice is required to be published in the official journal to notify the public that the budget is available for public inspection. We requested management to provide us with documentation indicating the budgets were available for public inspection. We were provided with one newspaper notice dated June 17, 2010, indicating the 2010-2011 budgets for the general fund and the food service fund were available and a public hearing was scheduled for June 28, 2010. We were not provided with documentation that any other budget adopted by the board was advertised in the official journal
- LSA R S 39:1307 requires at least one public hearing on the budget. We reviewed the minutes of the School Board meetings and did not see a notation where a public hearing was conducted on the budget
- LSA R S. 39:1307 also requires a notice to be published in the official journal certifying the budget adoption process was completed. We were not provided any documentation indicating a notice was published to certify to the public the budget adoption process was completed

#### **Effect:**

The School System did not follow all of the requirements of the Louisiana Local Government Budget Act as outlined above.

#### **Recommendation:**

We recommend that the management of the Central Community School System familiarize themselves with all of the provisions of the Louisiana Local Governmental Budget Act to make sure all relevant statutes are followed in the future. We also recommend for management to develop a checklist of all of the required steps for adopting a budget and require the person responsible for overseeing the budget adoption process to complete the checklist so that all of the required steps are completed. We further recommend that all matters related to the budget adoption process or compliance with the requirements outlined in the State laws be written in the board minutes. A budget template in the required format is located on the Legislative Auditor's website.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2011

Management's Response:

Central Community School System's management is working on correcting this issue and familiarizing themselves with all of the provisions of the Louisiana Local Governmental Budget Act. We will work on developing a checklist of all required steps for adopting budgets to insure that all required steps are complete in the future. We do want to note however, that all the grant budgets were approved by the State of Louisiana Department of Education. All Federal Grants were entered into the state's eGMS system and were approved through the state and their processes.

(D) Findings and Questioned Cost Related to Federal Awards

2011-10 Earmarking:

Department of Education

American Recovery and Reinvestment Act- IDEA Part B-  
Special Education CFDA - 84 391A

Internal Controls Over Compliance and Compliance

Questioned Cost \$1,912

Criteria:

A Local Educational Agency can use not more than 15 percent of the amount of Federal funds (less any amount by which it reduces State and local expenditures under 20 USC 1413(a)(2)(C)), in combination with other funds for early intervening services for children in kindergarten through grade 12 who have not been identified under Individuals with Disabilities Education Act but need additional academic and behavioral support to succeed in the general education environment (20 USC 1413(f))

Condition

Our test of compliance for earmarking as identified above in the criteria indicate the School System spent 15.46% of the grant in early intervening services instead of less than 15% as required by the grant. The total grant expenditures for fiscal year ending June 30, 2011 was \$419,331 and the total expenses for early intervening services was \$64,812. The total questioned costs amounts to \$1,912 or .46% times the total grant of \$419,331.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **Effect**

The requirements of the grant to not spend more than 15% early intervening services were not met

#### **Recommendation:**

We recommend that the requirements of federal grants are monitored so that the School System can stay within the compliance guidelines. We also recommend for the School System to develop procedures to monitor costs being charged to early intervening services to make sure the total costs stay within the compliance guidelines.

#### **Management's Response:**

Central Community School System's management is reviewing the recommendations and reviewing our current procedures to see where we may improve to monitor the costs being charged to early intervening services.

#### **2011-11 Procurement and Suspension and Debarment**

##### **Department of Education**

Special Education IDEA CFDA 84.027A

IDEA- Preschool CFDA 84.173A

American Recovery and Reinvestment Act- IDEA Part B-

Special Education CFDA - 84.391A

American Recovery and Reinvestment Act- IDEA Preschool CFDA 84.392A

Internal Controls Over Compliance

Questioned Cost None

#### **Criteria**

The School System is required to have internal control in place to determine that vendors are not listed on the Excluded Parties List System prior to making purchases with the federal grant funds from them.

## **CENTRAL COMMUNITY SCHOOL SYSTEM**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

#### **Condition:**

Our test of compliance and internal control over compliance required for us to determine if the School System had procedures to make sure that purchases from vendors with federal grants were not on the Excluded Parties List System (EPLS). According to management, the School System did not have any procedures in place to determine if vendors were not listed on EPLS when making purchases with federal grants. We tested five invoices from vendors where purchases were made with federal IDEA grants and none of the vendors were on the EPLS.

#### **Effect:**

Due to not having procedures in place to monitor, the School System may purchase from a vendor that is listed on the EPLS. If this occurs the School System would be in non-compliance with the federal grant.

#### **Recommendation:**

We recommend for the School System to develop procedures to determine that vendors are not listed on the EPLS prior to making purchases with federal grant funds from them.

#### **Management's Response:**

Central Community School System has made tremendous improvements during the 2010-2011 fiscal year in the area of purchasing. We are reviewing the recommendations to develop procedures to determine whether or not vendors are listed on the EPLS prior to making purchases with federal funds.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2011

**Findings - Internal Control Over Financial Reporting**

**Finding 2010-1 Overall Lack of Preparation of Reconciliations and Review Thereof.**

During prior two annual audits, we noted an overall lack of preparation of timely reconciliations of the various accounts comprising many of the major accounting cycles of the School System's various funds including but not limited to cash, accounts receivable, accrued liabilities, interfund accounts, and fund balance. We noted that management had made significant progress towards reconciling and properly adjusting the general ledger on many accounts, however, we again noted several accounts that were not properly reconciled and adjusted including accounts receivable, accounts payable, and cash, and income statement accounts of the special revenue funds. Our firm had to provide assistance and provide proposed audit adjustments (including some audit adjustments that were determined to be material to the financial statements) to correct account balances of the original trial balance provided to us to begin our audit.

**Recommendation**

We recommended that formal reconciliations be done on all of the various accounts that comprise the major accounting cycles of the System's various funds and make all necessary adjustments prior to the start of the audit. These reconciliations should be done on at least a monthly basis. A formal reconciliation form should be developed for each account that should be completed and initialed by the preparer and then reviewed and initialed by the Business Manager. Any unreconciled outages should be investigated and resolved accordingly. It is imperative that these reconciliations be done on a timely basis. By implementing these procedures, the overall accuracy and timeliness of financial reporting will be vastly improved. In addition, we recommend that formal policies and procedures over the accounting cycles and year end accounting close be developed so that proper reconciliations are available for audit.

**Management's Response:**

Management intends to develop additional reconciliation procedures. Great progress was made during the 2009/2010 fiscal year with many of the accounts that must be reconciled on a monthly basis. However, management does recognize that additional work is needed to address the remaining accounts that are not getting reconciled on a timely basis. The Central Community School System is currently exploring the cost/benefit of hiring an additional office clerk to help with this reconciliation process.

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2011**

**Additional Recommendation**

During the fiscal year ended June 30, 2011, the prior Director of Finance resigned before all the changes could be implemented. See current year finding 2011-01.

**Finding 2010-02 Workers Compensation Liability Accrual and Expenses Not Adjusted**

During the prior year audit, we noted the percentage used to expense and accrue the workers compensation insurance premium was not correct for the first quarter of the year. Management properly adjusted the rate for the remaining of the year based on our audit recommendation during the previous year; however, management failed to properly adjust the accumulated accrual using the wrong rate. The use of the incorrect rate during the first quarter of the year caused the accrual to be overstated by approximately \$51,800 for fiscal year 2010. The financial statements were adjusted for this over-accrual.

**Recommendation**

We recommended for management to reconcile the workers compensation accrued liability account and make proper adjustments when necessary so the account balances in the accounting records reflect the proper accruals. In addition, the accumulated accrual less actual payments should be reconciled to the workers compensation insurer statement and proper adjustments to the general ledger recorded to correct any differences for the fiscal year end.

**Management's Response**

As stated in management's response to finding 2010-01, great progress has been made in the reconciliation of many of the accounting cycles, but this is one of the accounts that needs more attention. Management is currently exploring the cost/benefit of hiring an additional office clerk to help with the additional work load associated with the need to have reconciliations completed on a monthly basis.

**Corrective Action Taken**

We noted in the current year audit that the School System was applying the correct rate in the payroll system to accrue the workers compensation expense; however, as described in current year finding 2011-04, management incorrectly adjusted workers compensation expenses and instructional materials and supplies due to not properly researching and recording the correct adjustment.



**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Findings - Compliance and Other Matters**

**Finding 2010-03 Legislative Auditor Compliance Audit Concerning School Systems Compliance with State Bid Laws:**

**Finding:**

On September 29, 2010, the Louisiana Legislative Auditor issued its compliance audit concerning the compliance with the public bid laws and record keeping on certain purchases of materials and supplies, computer software, and professional services

**Recommendation**

In Louisiana Legislative Auditor's report, the following recommendations were made:

- (1) follow the school system's procurement policy and comply with the provisions of the Public Bid Law,
- (2) follow the guidelines in Attorney General Opinion 09-0296 when piggy-backing off other contracts;
- (3) require written contracts including, but not limited to, the length of the contract, contractual obligations, contractual procedures, and payment terms;
- (4) ensure adequate services and supporting documentation are provided that support the allocation of expenses to the school system before payments are made;
- (5) require the finance department to maintain a copy of all signed contracts and approved purchase orders to support all vendor payments,
- (6) maintain records in an organized and secure fashion to ensure compliance with Louisiana law;
- (7) establish contract monitoring requirements to ensure payments for contract services are in accordance with the terms of the contract; and
- (8) develop and submit a formal record retention schedule to the Secretary of State as required by state law

**Management Response**

The compliance audit itself includes all of management's responses and explanations

**Corrective Action Taken:**

During our current year testing, no violation of the State Bid Laws were noted

**CENTRAL COMMUNITY SCHOOL SYSTEM**  
**CENTRAL, LOUISIANA**

**MANAGEMENT LETTER**

**JUNE 30, 2011**

2322 Tremont Drive • Baton Rouge, LA 70809  
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726  
Phone 225 928 4770 • Fax 225 926 0945  
www.htbcpa.com

February 28, 2012

To the Members of the Board of the  
Central Community School System  
Central, Louisiana

In planning and performing our audit of the basic financial statements of the Central Community School System, Central, Louisiana, for the year ended June 30, 2011, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The following summarizes our comments and suggestions regarding the matters. This letter does not affect our report dated February 28, 2012, on the basic financial statements of the Central Community School System, Central, Louisiana.

**CURRENT YEAR FINDINGS:**

**Finding 2011M-1 Errors in Performance and Statistical Schedules Provided Required by R.S. 24.514**

**Finding**

The Board of Elementary and Secondary Education and R.S. 24.514 require that management of the Central Community School Systems prepare certain performance and statistical schedules and present them in the annual financial statements. We are required to perform certain enumerated tests on these schedules as outlined in our report included in the financial statements. We noted the following matters during the current year on the following statistical schedules:

- Schedule 1. The original schedule provided to us for testing did not reconcile to the accounting record's account balances. The original schedule included \$183,491 of expenditures reported as Other Instructional Staff Activities that should have been reported as Classroom Teacher Salaries. Management provided us with an updated Schedule 1 that corrected the misclassification of expenditures of Other Instructional Staff Activities and Classroom Teacher Salaries. In addition, the instructional equipment expenditure included in the Total Teacher and Student Interaction Activities category and Total General Fund Equipment Expenditures was incorrect as the balance failed to include various adjustments to the accounting records. The expenditures for Schedule 1 were increased by \$2,314 from the original schedule provided to us and the corrected balances are reflected in the financial statement report.

In addition, the original report provided to us for testing did not agree with the revenue balances included in the accounting records for constitutional ad valorem tax, renewable ad valorem tax, debt service ad valorem tax, and up to 1% collections by sheriff on taxes other than school taxes. The revenues for Schedule 1 were decreased by \$68,986 from the original schedule provided to us and the corrected balances are reflected in the financial statement report.

**Schedule 2.** Schedule 2 should reconcile with Schedule 4 per the instructions. Schedule 2 provided to us for testing contained a total number of teachers of 270 while the total listed on schedule 4's original schedule contained 269 teachers. Also, the teachers listed per degree category included 197 teachers with a bachelor's degree and 7 teachers with a master's degree + 30 while the supporting documentation contained 196 teachers with a bachelor's degree and 8 teachers with a master's degree + 30. Schedule 2 included in the financial statement report reflects the correct balances.

The balances reported on Schedule 2 should reconcile with the supporting documentation. The 25 teachers selected agreed to the supporting documentation for schedule 2 but did not agree with the original schedule 2. Schedule 2 included in the financial statement report reflects the correct balances.

**Schedule 4.** The original schedule 4 provided to us for testing included 269 teachers instead of 270 teachers included in schedule 2 and also included in the supporting records. Also, the original schedule 4 did not properly categorize the balance of teachers per years of experience. The following table illustrates the differences noted between the original schedule 4 provided to us and the final schedule reported.

Number of Teachers			
Years of Experience	Original Schedule 4	Final Schedule 4	Difference
0-1	31	31	-
2-3	35	34	(1)
4-10	80	81	1
11-14	25	26	1
15-19	32	32	-
20-24	28	28	-
25+	38	38	-
	<u>269</u>	<u>270</u>	<u>1</u>

**Schedule 5:** The original schedule 5 we received did not agree with the supporting documentation. This report contains the corrected balances. The balance of average teacher salary including extra compensation was increased by \$392 while the balance of average teacher salary excluding extra compensation was decreased by \$704. The balances of classroom teachers excluding ROTC and rehired retirees for average teacher salary was increased by \$388 while the balance for average teacher salary excluding extra compensation was decreased by \$592.

**Schedule 6:** The original schedule 6 that we received for testing did not reconcile with the supporting documentation. Schedule 6 included in this report agrees with the supporting documents. Also, the related percentage information was revised to reflect the correct calculations after the schedule was corrected. The following table illustrates the differences between the original information we received and the final schedule reported.

	Total Number of Classes		Difference
	Original Schedule	Reported Schedule	
Elementary	815	587	(228)
Elementary Activity Classes	73	73	-
Middle	292	331	39
Middle Activity Classes	13	27	14
High	285	403	118
High Activity Classes	53	71	18
Total Classes	1,531	1,492	(39)

**Schedule 7:** The original schedule 7 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 7 included in the financial statement report agreed with the supporting documentation.

**Schedule 8:** The original schedule 8 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 8 included in the financial statement report agreed with the supporting documentation.

**Schedule 9:** The original schedule 9 that we received for testing did not agree with the supporting documentation for the 2011 balances. Schedule 9 included in the financial statement report agreed with the supporting documentation.

### Recommendation

We once again recommend for management to review the information on the schedules provided to us to determine the balances or other information included on the schedules is accurate and prepared according to instructions provided by the Louisiana Department of Education.

**Management's Response**

Central Community School System's management will review the recommendations and see where we can improve upon our year end process. However, information in some of the schedules above came directly from the Louisiana Department of Education.

**Finding 2011M-2 Internal Audits of School Activity Funds:**

**Finding.**

During the current year audit, we noted the Central Community School System's central office did not have any procedures in place to perform internal audits of the various school activity funds nor did the central office actually perform any internal audits of the various school activity funds.

**Recommendation**

We recommend for the School System to develop procedures to perform internal audits on school activity funds collections and payments. The Louisiana Legislative Auditor has suggested procedures to assist in performing these internal audits and they are available for download from the Legislative Auditor website. These internal audits would identify weaknesses and provide opportunities for improving internal controls over school activity funds at the various schools.

**Management's Response**

Central Community School System's management will review the recommendations and improve upon our process for internal audits.

**Listing of Prior Year Findings Not Resolved in the Current Year:**

See the following prior year findings below that have not been resolved during the current year:

- Finding 2010M-1 Implementation of Governmental Accounting Standards Board Statement No. 45 - "Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions" and Creation of Irrevocable Trust Fund
- Finding 2009M-1 Implementation of Governmental Accounting Standards Board Statement No. 54 (GASB 54) - "Fund Balance Reporting and Governmental Fund Type Definitions"
- Finding 2008M-4 Sheriff Payment to Retirement System

**PRIOR YEAR FINDINGS:**

**Finding 2010M-1 Implementation of Governmental Accounting Standards Board Statement No. 45 (GASB 45) – “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions” and Creation of Irrevocable Trust Fund**

**Finding.**

The Central Community School System implemented the requirements of Government Accounting Standards Board GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postretirement Benefits Other Than Pensions” for fiscal year ending June 30, 2010. This Statement’s objective is to establish uniform standards of financial reporting by state and local government entities for other postemployment benefits (OPEB) including post-employment healthcare benefits. Also, this Statement provides standards for measurement, recognition, and display of the OPEB expenses and related liabilities, note disclosures, and required supplementary information.

An actuary was contracted during 2010 in order to determine the liability to record on the School System’s government-wide financial statements. According to the results of the actuarial evaluation, the June 30, 2010 accumulated unfunded other postemployment benefit liability is estimated at \$4,156,069. This OPEB liability is expected to increase by at least \$4,156,069 in the following year with an estimated liability of approximately \$8,300,000 for the fiscal year ending June 30, 2011. GASB 45 suggests the creation of an irrevocable trust fund to accumulate funds for the payment of these accumulated OPEB liabilities. An actuarial valuation is required every two years according to the provisions of GASB 45 so the School System will need to have a new calculation performed for fiscal year ending June 30, 2012. The School System has not taken steps to create this irrevocable trust fund as of June 30, 2010. The purpose of the irrevocable trust fund is to pay the OPEB liability into the trust fund which should create an investment return and reduce the OPEB accumulated liability.

**Recommendation:**

Now that the liability for other postemployment benefits has been determined, we recommended for the School System to begin the process of evaluating the creation of an irrevocable trust fund as suggested in GASB 45.

**Additional Recommendation**

We again recommend for the School System to begin the process of evaluating the creation of an irrevocable trust fund as suggested in GASB 45. We also recommend for the School System to contract with a qualified actuary to obtain an updated valuation of its OPEB liability for fiscal year ending June 30, 2012 as required by GASB 45.

**Management’s Response**

Central Community School System is currently in contact with an Actuary to contract for services to be performed before June 30, 2012. Our Finance Committee is aware of this issue and continues to monitor this situation and will advise the Board on what actions recommended be taken.

Finding 2010M-2 Errors in Performance and Statistical Schedules Provided Required by R S 24.514

Finding.

The Board of Elementary and Secondary Education and R S 24.514 require that management of the Central Community School Systems prepare certain performance and statistical schedules and present them in the annual financial statements. We are required to perform certain enumerated tests on these schedules as outlined in our report included in the financial statements. We noted the following matters during the prior year on the following statistical schedules.

Schedule 1: The original schedule provided to us for testing did not include the expenses for the sub fund of the general fund or the state grants fund which is reported combined for financial statement reporting. The expenditures for Schedule 1 were increased by \$758,936 from the original schedule provided to us and the corrected balances are included in the final Schedule 1 report.

In addition, the debt service ad valorem taxes, the debt service sales taxes and the nonpublic textbook revenue were not included on the schedule provided to us for testing. Due to proposed audit adjusting entries, the schedule was corrected to agree with the final audited balances. The revenues for Schedule 1 were increased by \$2,193,333 from the original schedule provided to us and the corrected balances are included in the final Schedule 1 report

Schedule 5: The original schedule that we received contained only the balances for Schedule 5 with no supporting details of the teachers. Without the detail, we could not verify the accuracy of the calculations or able to agree our sample of 25 teachers. We subsequently received a schedule that contained the detail but the detail had no calculations to agree with the original schedule we received. Later, management provided us with the corrected schedules that contained the detail with the calculations and an updated schedule 5 that agreed with each other. We were able to agree our sample of 25 teachers to the information on the latest schedule provided to us

Recommendation

We recommended for management to review the information on the schedules provided to us to determine the balances or other information included on the schedules is accurate and prepared according to instructions provided by the Louisiana Department of Education



Management's Response

Schedule 1 Management understands the importance of these schedules. In the case of schedule 1, information was extracted for only Fund 100 (the General fund) as per the instructions. However, it was later brought to management's attention that schedule one needed to include all information that was reported in column four on the AFR (the Department of Education's annual financial report). Column four is designated as the general fund on the AFR. Management has noted this error and intends to extract data as it pertains to the AFR for schedule one instead of how information is organized in the Central Community School System's fund structure.

Schedule 5: Management now has an understanding of what is needed as detail for this schedule.

Additional Current Year Finding and Recommendation

See current year management letter finding 2011M-1 for errors noted in the 2011 schedules and current year recommendation.

Finding 2009M-1 Implementation of Governmental Accounting Standards Board Statement No. 54 (GASB 54) – "Fund Balance Reporting and Governmental Fund Type Definitions"

Finding:

As indicated in the prior year Financial Statement footnote 13, in February 2009, the Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to improve usefulness, including the understandability, of governmental fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. This Statement will be required to be adopted by the Central Community School System for the fiscal year ending June 30, 2011. The implementation of this statement will require the current fund balance classifications of the School System to be restated into the requirements of the new standard.

Recommendation

We recommended for the Central Community School System's management to begin evaluating the requirements of GASB 54 and the impact of this statement on the current fund balance classification to convert them into the new requirements.

Management's Response

Management is currently developing the new fund balance classifications. This new requirement will be in place for the close of the 2010/2011 fiscal year.

Corrective Action Taken

The Central Community School System implemented the requirements of the Government Accounting Standards Board issued GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in the current year financial statements.

Finding 2008M-4: Sheriff Payment to Retirement System

Finding:

During the June 30, 2009 year-end audit, we noted the School System was successful in obtaining a court order to require the East Baton Rouge Sheriff to withhold 2008 property taxes from the East Baton Rouge Parish School Board that are equal to the cash paid to the East Baton Rouge Parish School Board of approximately one-half of the 2007 Central Community School System's property taxes. The Sheriff was required to deposit these funds into a Registry of Court account with the East Baton Rouge Parish Clerk of Court. Each year, the Sheriff withholds the assessor pension and other retirement system funds from the first property tax settlement paid to each district. The total assessor pension and other retirement system withholdings for the 2007 property tax assessment was \$104,283 (\$16,823 in assessor pension fund and \$87,460 in other retirement system withholdings). The Sheriff paid this \$87,460 to the Teachers Retirement System and one half or \$43,730 was applied to East Baton Rouge Parish School Board and the other one half or \$43,730 was applied to the Central Community School System.

2009 Corrective Action Taken / Additional Recommendation

During the year ending June 30, 2009, the matter with the East Baton Rouge Parish School System was settled and the Central Community School System collected the ad-valorem tax that was on deposit with the East Baton Rouge Parish Clerk of Court's Registry of Court Account. We noted the amount contributed to the retirement system by the Sheriff was not transferred as a credit for the Central Community School System instead of the East Baton Rouge Parish School System. We again recommended for management to contact the Teachers Retirement System of Louisiana to request for this credit to be transferred.

Management's Response

Management intends to request a meeting with the Teachers' Retirement System in the current year and ask that the funds owed to the Central Community School System be credited to our account.

Additional Recommendation

During the current year audit and the prior year audit, we noted the Central Community School System has still not received credit from the Teachers Retirement System of the amount credited to the East Baton Rouge Parish School System in the previous years. We again recommend for management to contact the Teachers Retirement System of Louisiana to request for this credit to be transferred.

Management's Response

Central Community School System experienced a change in management during the 2010-2011 fiscal year; therefore changes that were intended by the previous Director of Finance were not implemented before his departure. The new management is working diligently to implement any changes the auditors have recommended to improve upon our procedures.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Central Community School System, Central, Louisiana, is a matter of public record.

Respectfully submitted,

*Harold J. Bourgeois, CPA*